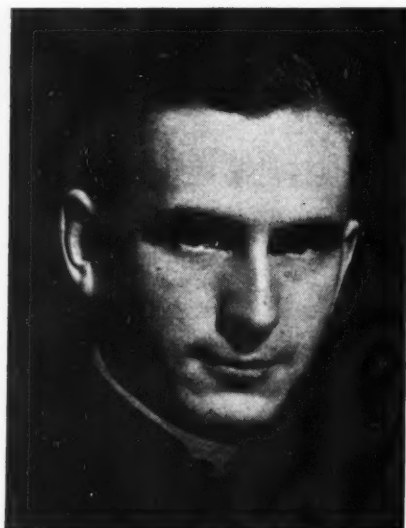


"I had a severe case of ATHLETE'S FOOT

**Absorbine Jr. saved
the day for me"**

[Quoted from an actual letter in our files, from a minister, the original of which will be shown upon request]



Posed by professional model

If you could only read the hundreds of grateful letters in our files from people who have suffered, there'd be no doubt in your mind as to what remedy you'd use to clear up a case of Athlete's Foot.

You may not be the person we're talking to, and then again you might be—"it is probable that more than half the adult population suffers from it at some time," the U. S. Public Health Service has reported.

But dispel all doubt. Examine the flesh between your toes. Does it itch? Is it red, angry? Or white with stickiness? Blisters? Peeling, cracked, sore?

Apply this Inexpensive Treatment

If your feet perspire, play safe and examine your toes for the danger signals. At the slightest sign of infection, begin the immediate application of cooling, soothing Absorbine Jr. morning and night. Because of its superior ability to kill the fungi, a sufficient quantity of Absorbine Jr. for each application costs only a fraction of a cent.

When you buy, accept nothing but the real Absorbine Jr. All drug stores, \$1.25. For free sample, write W. F. Young, Inc., 372 Lyman Street, Springfield, Mass. In Canada: Lyman Bldg., Montreal.

ABSORBINE JR.

for years has relieved sore muscles, muscular aches, bruises, burns, cuts, sprains, abrasions, SUNBURN

JULY, 1934

REVIEW* OF REVIEWS AND WORLD'S WORK

Edited by ALBERT SHAW

The Progress of the World

Republicans Come to Life, 9 . . . The Swing of the Pendulum, 9 . . . Roosevelt Assumes Responsibility, 10 . . . Republican Opposition Is Useful, 11 . . . "G.O.P." Leaders State Their Case, 12 . . . Mr. Fletcher Becomes Chairman, 12 . . . The President Aims at Reconstruction, 12 . . . An Attempt to Reassure Business, 13 . . . The Fair in Its Second Year, 47 . . . Mr. Sloan Looks Ahead, 47 . . . Mr. Ford's Notable Achievements, 47 . . . American Federation Activities, 48 . . . A Well-Filled War Chest, 48 . . . Insurance and Thrift, 51 . . . Keep the School Out of Politics!, 51 . . . Silver in High Place, 51 . . . Drought in the West, 52 . . . Regulation of Business, 52.

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THE REVIEW OF REVIEWS CORPORATION, 233 Fourth Avenue, New York City

ALBERT SHAW, President; ALBERT SHAW, JR., Secretary and Treasurer

TERMS:—Monthly, 25 cents a number, \$3.00 a year, two years \$15.00. Entered at New York Post Office as second-class matter April 27, 1934, under Act of March 3, 1879. Additional entry at Dunellen, N. J. Printed in the United States of America. The REVIEW OF REVIEWS AND WORLD'S WORK is on file in public libraries everywhere, and is indexed in the Reader's Guide to Periodical Literature.

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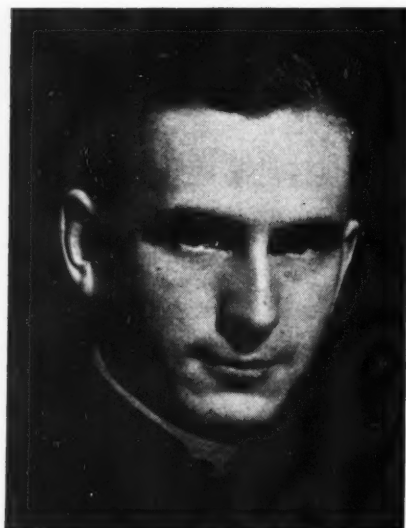
Volume XC

Number One

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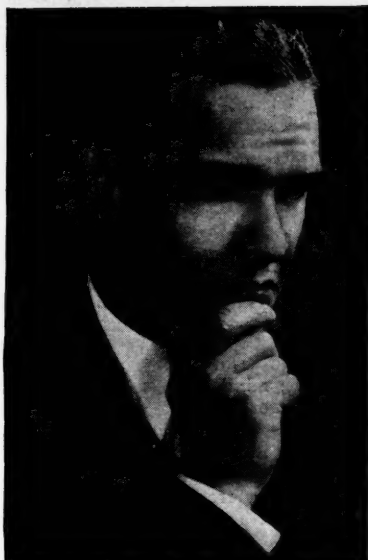
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Volume XC

Number One



HOW LONG? HOW LONG?
THIS HEART-BREAKING
MONOTONY?
THIS WRETCHED PAY?

"IF I COULD ONLY RECOVER THOSE TEN LOST YEARS!"

In December, 1921, an American employed with a mining firm in Mexico, clipped and signed a LaSalle advertisement coupon. But he did not enroll!

Ten years of silence followed . . . ten years of haphazard jobs, long hours, wretched pay . . .

Then, in January, nineteen thirty two, that silence was broken by a dramatic letter, high-spotted by these words: "Please send the first lessons with the least possible delay, as time is a highly important factor to me in this year of our Lord!"

Through five typewritten pages he recounted the hardships of those intervening years. A really able man, he had moved from one position to another, only to find advancement closed to him for lack of specialized training.

No need here to recite those hardships—though in justice to him it is only fair to say that on four separate occasions he had almost enrolled . . . and that on each of those occasions he had postponed action because of some unexpected reverse seemingly beyond his power to avoid.

"For five months now," so he wrote, "I have been 'on vacation.' Not a chance to take a course now—according to my carefully laid out and conscientiously followed program . . .

"But—supposing I had *chucked* that program at any time in the last 10 years? Supposing I had enrolled, in the face of seeming disaster, even though I had had to borrow the money to do it? Supposing even that I had enrolled only five months ago, at the beginning of my enforced vacation? In all likelihood I could have mastered the training by now. Or I might in

**The True Experience
of a Man Who Almost
Enrolled for LaSalle
Home-Study Training**

the meanwhile have found a congenial and profitable position, thanks to my increased knowledge. As it is, for all I know, there may be another five months without any position . . . with all sorts of dim prospects . . . and meanwhile I am getting older . . .

"That settles it! To blazes with further procrastination! To thunderation with my financial program! I've borrowed the money, and I'll borrow some more . . . but I'll do something with my time! This year is going to see a big change in my affairs—and right here is where we start!"

Delay Cost Another Man \$47,424. Training Doubled His Salary!

Tragic, you say—for a man of ability to permit procrastination to impose upon him ten long years of almost hopeless servitude . . .

But watch your step, Mr. Critic—for we know of another man who waited *forty years*—and lost by actual reckoning the appalling sum of \$47,424!

The figure was easily computed, for within ten months from the time he began his training, he was promoted from foreman to factory

superintendent and his salary was nearly doubled!

Unusual? You'd be astonished if you could read the thousands of letters in the files of LaSalle Extension University telling of substantial promotions through LaSalle home-study training!

For example—when William Siefert, of Cleveland, Ohio, enrolled, he was more than 50 years old, yet still was earning only \$18.70 a week. Within a year he received an 80% increase! Seven years later, he had climbed to the position of Chief Deputy of his department—with a salary 440% greater than when he started!

Send for Free Booklet

These are searching times—and wise is the man who takes full measure of his competition . . . gets the special training that he needs . . . and thus commands the unfolding opportunities of our new-day business world.

If you need to be convinced of those opportunities, forget that you ever read this message. For those opportunities are not for you . . .

But if you are determined to be out in front when men are being picked for leadership one year, two years, ten years from now—do not, on your life, risk a day's delay.

Below is a coupon. It will bring you—without cost—books that have led to increased earnings running into many thousands of dollars! Men of action—*hundreds of them*—will use this coupon for their personal advancement. Be one of those men who will steadily win their way to the better-salaried positions.

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Name.....Age.....

Position.....Address.....

Ask for one of these booklets—or a similar one on your own field of business. They are free!



Last Minute Arrivals from the Publishers

Bohemianism For Sale—Cheap

Modern Art, by Thomas Craven.
Macmillan, \$3.75.

THE AUTHOR HIMSELF does a good job of painting in this brilliant volume. He paints a picture of Bohemian Paris that is the most devastating imaginable. For a century or more, he says, the French have been aware of the cash value of garrets, run-down cafés, gimcrack art schools. American artists have flocked to Paris and fallen in line with prevailing "isms". As a result American art has been in thrall to an idea that is sham, and an ideal that is non-existent.

Mr. Craven would like to see Americans freed from the notion that Paris is the fountainhead of all modern art. He believes that most art springs from deeper sources than a picturesque way of living and sponging on the folks back home. He would have his countrymen be Americans, express American ideas and not be ashamed of them. He sees no reason why they should be. Frank Lloyd Wright, George Grey Barnard, Rivera, Orozco and Thomas Benton he considers first-rank men because they are always themselves and proud of the fact. In them, he thinks there is the continuation of the independent American tradition.

Van Gogh, Gauguin, Matisse, Picasso, Modigliani, Grosz—these men and their influence today are discussed biographically and critically. The person who finds himself at sea among the impressionists, cubists, futurists, expressionists, and internationalists will find much information to orient himself. All of which might sound as though "Modern Art" might be of more interest to the artist rather than to the general reader. It isn't. It is vigorously written, with keen wit and a fine sense of humor.

"Madame Secretary"

• • FRANCES PERKINS, Secretary of Labor, has helped fight many of labor's battles. She has seen the intolerable sweat-shop conditions of twenty-five years ago legislated out of existence, and in hard times she has seen many of them come back, to be fought once again. Her career has been a notable one. In her book "People at Work" Miss Perkins describes her experiences, after sketching briefly the rise of industrialism in the United States.

She devotes several chapters to discussions of labor under the New Deal, and paints a picture which leaves one somewhat skeptical as to the long-term efficacy of the steps taken. True, public works have stimulated industry but

such stimulation lasts only as long as the public money lasts. Increased public expenditures mean higher taxes. Any business man knows that such margins spell the difference between profit and loss—and possible shutdown.

There is no cause of dispute over Miss Perkins' objectives. Most businessmen favor better hours and pay for working people. What does give one pause is the feeling that what has been done by the New Deal to date has been a series of strategic political moves rather than any broad attempt to solve basic problems. (John Day, \$2.50.)

World War Diplomacy

• • "AMERICAN DIPLOMACY During the World War" is a valuable work by Charles Seymour of the Yale history department, who has dedicated his able work to no less a person than Colonel Edward Mendell House. American quarrels with the lawless English and equally lawless Germans over their mutual blockades, efforts to negotiate peace, entry into the war, coöperation and conflict in war aims, the activities of Woodrow Wilson, and the terms of the lucky armistice: these are some of the vital topics covered by Dr. Seymour in studious detail. American foreign policy during 1914-1919 was essentially Wilsonian, it appears, and the president's policy was primarily a personal one. House, Grey, Northcliffe, Reading, Bernstorff, and worried American ambassadors in Europe fill Dr. Seymour's pages; and the war and peace aims of the Allies, as analyzed, leave one with the feeling that bellicose imperialism was a dominating factor in their virtuous "war to end war." Dr. Seymour is strictly objective and extraordinarily well grounded. Published by the Johns Hopkins Press Baltimore, (417 pp. \$3.), his book consists of his Albert Shaw Foundation lectures on diplomatic history, under the auspices of the Walter Hines Page School of International Relations at Johns Hopkins University. There have been eighteen Albert Shaw foundation books on diplomatic history, dating from 1899.

The James Family

Alice James: Her Brothers—Her Journal. Dodd Mead, \$2.50.

LAST MONTH the Elder Henry James received attention in these columns, along with his distinguished sons, William, the psychologist and Henry, the novelist. This month still another member of that famous family receives the notice long overdue her—Alice James, a sister. She was ill most of her life

and during the last two years found it wise to write a journal in order to keep her mind from complete oblivion. At the time she was staying at the stuffy English spa, Leamington, which to this writer is the ultimate in respectability and dullness. But there in her sickroom Alice had a free soul, a gift for tart speech, and a gay spirit which breathes forth from the pages of her journal to delight the reader today.

Being a New Englander, she set great store by independence, manliness, spontaneity and gaiety. She had her own opinions about the rather dull English people she met. Even the imminent presence of death could not shake her soul. Some of her comments are especially diverting and illuminating. She says of her brother William, "He is just like a blob of mercury; you can't put a finger on him." She once asked brother Henry if the French women listened a good deal during conversations, as did the English women. "No," answered Henry, "they all talk at once like American women."

Lippmann Speaks

The Method of Freedom, by Walter Lippmann. Macmillan. 117 pp. \$1.50.

A SERIES of three lectures at Harvard, delivered in May, is the reason for this small volume. In it the widely read interpreter of the day's news discusses rugged individualism, compensated economy, directed economy, and such; but above all he discusses what he calls free collectivism. "It is collectivist because it acknowledges the obligation of the state for the standard of life and the operation of the economic order as a whole. It is free because it preserves within very wide limits the liberty of private transactions." The author has a gift for analysis and for stimulating clear thinking in the mind of the reader.

• • TEN YEARS have passed since Woodrow Wilson was laid to rest in the Cathedral of Saint John in Washington, ten years in which the Wilson tradition has grown steadily as the bitterness of the fight over the ratification of the Treaty of Versailles has gradually been dissipated. Edith Reid's "Woodrow Wilson" is another tribute to add to the growing literature around the life of the war president. It is an understanding tribute, written by an intimate friend, in an effort to interpret the man and explain his actions. It traces the rise of Wilson from his childhood, giving a vivid picture of the idealist who believed in the people, emphasizing the

impress of his striking personality, and recording intimate anecdotes that reveal the close ties that bound his friendships. It is a good book and yet it does not quite reach the mark. Edith Reid has to paint a background for her interpretation of the student, the professor, the college president, the governor, and the statesman, but with such biographies as those by W. E. Dodd and Ray Stannard Baker as standards, it would perhaps have been a greater contribution if she had devoted all her efforts to the portrayal of more of the human side of Woodrow Wilson, of his homely relations with his family and friends, and the recital of more of the anecdotes that reveal with greater force the personality and intensity of Woodrow Wilson. (Oxford University Press. \$3.50.)

Of Right and Wrong

• • H. L. MENCKEN, having routed the Rotarians, returns with nothing but doubts as to the worth of priests and prophets in his recent "Treatise on Right and Wrong". Mencken discusses the various moral systems, Greek, Hebrew, etc., and analyzes the reasons for their existence. The general approach to the subject is characteristically Menckean, and there is the usual robust common sense plus the familiar wit. H. L. M. prefers the exercise of reason and natural instinct to lead one on to the good life. (Knopf, 331 pp. \$3.)

• • ONE HUNDRED and fifteen action photographs with brief explanatory text make up "Men, Fish and Boats" edited by Alfred Stanford. In these excellent prints we can follow the fishermen in the North Atlantic under all conditions. The photos should interest sporting fishermen, boatmen interested in design, and the average person curious about other human beings in an extremely hazardous occupation. The prints were picked from over forty thousand. (Morrow, \$3.)

• • ARTHUR ROSENBERG tells Bolshevism's story in an unbiased manner in "A History of Bolshevism," beginning with Karl Marx and carrying through to the present time. The various stages of development of the U. S. S. R. and its policies are analyzed and explained. The author's approach is that of the political scientist rather than the politician. The book should be helpful to students and readers of history in the making. (Oxford, 240 pp. \$3.75.)

• • IF ONE DOUBTS that rumors of war fly thick and fast in Europe, then "The Boiling Point," by H. R. Knickerbocker, well-known foreign news correspondent, offers a personally conducted tour of some thirty fear-ridden capitals and danger zones. (Farrar & Rinehart, 267 pp. \$2.) There are 85,263,000 Germans in Europe, most of them bordering on the German Reich with its 65,000,000. The prospect that Hitler will openly attempt unification of those living beyond her present frontiers keeps the European temperature dangerously high. That France is likely to go fascist; that Japan will war on the Soviet Union and embroil the whole Continent within a year;

that Europe as we know it will end in the inevitable disaster into which the civilized western world is running—these are fears that Mr. Knickerbocker coolly reports.

• • STUDY of the relation of the earth to the cosmic scheme formally takes unto itself sufficient importance to rate as a new science—cosmology. An introduction to this field to which astronomy, physics, chemistry, geology, meteorology, and even biology, make large contributions, is offered in Harlan True Stetson's "Earth, Radio and the Stars" (Whittlesey House, McGraw-Hill, 309 pp. \$3.) The book brings together all recent conspicuous developments in radio and astronomy, and presents to the lay reader some of the discoveries and secrets usually buried in technical verbiage.

• • STEPHEN LEACOCK, widely known as humorist and head of the department of economics at McGill University in Canada, now turns historian and gives us a little volume "Lincoln Frees the Slaves." We have here a swift picture of the rise of slavery in America, of Lincoln's early contacts, of the irrepressible conflict itself, and of emancipation. It is in reality a Lincoln biography with emphasis on the slavery issue. (Putnam's, 178 pp. \$1.50.)

• • THE SFORZAS were an exceedingly robust Italian family. They were always realists, ever fighting on the side which paid or promised most. Beginning as banditti, the family carried on brilliantly for two centuries. In "The Story of the Sforzas" L. Collison-Morley tells a complicated but interesting tale of the various members of this famous family, including Attendolo who founded it, Ludovico who gave it undying fame by bringing Leonardo da Vinci to its court, and many others. (E. P. Dutton, 304 pp. \$3.75.)

Cuba Comes Up

• • HARRY F. GUGGENHEIM represented the United States Government in Cuba from 1929 to 1933. These were four troublous years. Cuba, never stable politically, found the demand for its main product, sugar, constantly diminishing. In "The United States and Cuba," however, Mr. Guggenheim makes no attempt to evaluate his own administration. Rather, he goes back to Spanish colonial days and traces Cuban political and economic history up to the present time. As the author points out, no other country has so continuously concerned our Department of State. In the formulation of the Monroe Doctrine Cuba played an important part. It is interesting that the Platt Amendment, which has largely determined Cuban policy since 1902 ceased to function at almost the same time that Mr. Guggenheim's volume came from the press. This step was long an aim of the author. Cuban politics now enters upon a new period. Mr. Guggenheim explains clearly and interestingly what has gone before. (Macmillan, 250 pp. \$2.50.)

TODAY'S BOOKS



WALTER LIPPMANN'S

The Method of Freedom

"A clear and ably considered statement for the middle class. It should be grateful for so forthright a spokesman."—*Brooklyn Eagle*. \$1.50

GEORGE SOULE'S *The Coming American Revolution*

"A meaty book. He takes all the passion out of the term 'revolution' and puts historical perspective in."—*Book-of-the-Month Club News* \$2.50

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A HISTORY OF BOLSHEVISM

By Arthur Rosenberg

"One of the most intelligent books I have read on Soviet Russia and World Communism. Clear, succinct and highly informative."—Herschel Brickell, *N. Y. Evening Post*. \$3.75.

WOODROW WILSON

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The Myth,
and The Man

By Edith Gittings Reid

"The future will want to know something about the man as well as the statesman, and Mrs. Reid has made a significant contribution from that point of view."—*Newton D. Baker*. \$3.50.

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• • CONTEMPORARY POETRY is an open book to Jessie B. Rittenhouse, lyricist, leading authority upon the rhyming muse, and editor of five admirable collections of modern verse. "My House of Life" is her exceedingly interesting and informative autobiography, packed with experiences. From the beautiful Genesee Valley to Winter Park, Florida, via Rochester, Boston, and New York, brings the poet into personal contact with the leading literary lights. Written in an informal style, this co-founder of the Poetry Society of America has provided the reading public with 335 pages of pleasant entertainment. (Houghton, Mifflin, \$3.50.)

Reds at First Hand

• • A CERTAIN charm and distinction attaches to "Red Thunder" (Scribner's, 231 pp. \$2) because the author, Roy S. Durstine, discarded the pattern for works on Russia, Germany and Austria, and reported an American business man's reactions without political bias or preconceived economic judgments. Mr. Durstine, a well known advertising man, was impressed in Russia by the lack of trade marks or means by which the consumer could learn the quality of products. He found the Russian boastful of things that seemed unimportant and mediocre to an American. In Germany he found a slogan writers' paradise and also a certain peace and content because of the change from a weak to a strong active government. Most of the "heat lightning over Europe" he attributes to the desire of foreign news representatives to earn their salaries. In the search for exciting stories they stir up trouble by magnifying trifles.

• • FRANK C. HANIGHEN tells the tale of the Mexican General Santa Anna—"Napoleon of the West". The arch-villain of Texan history and of our Mexican War, this "Napoleon" lost a leg in battle, was president of Mexico eleven times, and did a creditable military job against your Uncle Sam in the roaring forties of the nineteenth century. Here is the first biography of Santa Anna—an able, if not a pleasant, Latin-American dictator of the ante-Bonaparte, pre-Mussolini stamp. (Coward, McCann, \$3.50.) Mr. Hanighen is to be congratulated for having done an unusual piece of work, readable, amusing, and of sustained interest.

• • THE DISCOVERY of the North Pole belongs to the era of rugged individualism before airplanes, radios, and publicity, softened our explorers. It seems incredible that the North Pole was conquered only twenty-five years ago. One of Admiral Peary's assistants, Donald B. MacMillan, who has since won fame in his own right, gives a vivid first-hand account of this grim adventure in "How Peary Reached the Pole". (Houghton, Mifflin, 306 pp. \$3.)

• • IF INTELLIGENCE and candor will rehabilitate public faith in the banking fraternity then James P. Warburg's "The Money Muddle" (Knopf, 272 pp. \$2)

should help considerably. His standing in the financial world gives special importance to his opinions on the administration's attempts to solve recovery problems by tinkering with our money mechanism. He finds much to praise as well as criticize, and he offers no criticism without constructive suggestion. Our basic trouble is not a money trouble, he concludes, but rather a character breakdown, the result of a moral and financial spree which began in 1914, followed since 1929 by too much medicine and doctoring without intent to reform. It is a forthright book for the confused layman.

What Lies Ahead

• • PREDICTING tomorrow's history is a much more exciting sport among the nation's cracker barrel sitters than baseball or horse racing. What are the chances of Fascism, or Socialism, or Communism? Or shall we follow an unforeseen course? George Soule looks at the signposts of the past and in "The Coming American Revolution" (Macmillan, 304 pp. \$2.50) hazards a sane and exciting speculation as to America's future. You may not agree but you will find his book a highly informative study of subsurface changes in our national economy, and perspective review of the crisis of the thirties. Capitalism comes out of the crisis the victor, weakened physically and morally, but able to stagger along until an equally serious breakdown overtakes it—one or perhaps two generations hence.

• • WHEN THE prophesied hostilities break out between Japan, Russia, and China, the scene of operations will likely be the western boundary of Manchukuo. This is an untraveled, unreported "frontier of the unknown", according to Owen Lattimore who has written "The Mongols of Manchuria" (John Day, 311 pp. \$2.50) to supply information needed to appreciate the coming conflict, or perhaps participate in it. Never completely subjugated at any time in history, the splendid fighting men of the numerous Mongol tribes, ruled by ambitious princes capable of driving shrewd bargains for their loyalty, may decide any war in their territory. For those concerned with Asiatic affairs, it is a necessary book.

Ludwig Turns Reporter

• • EMIL LUDWIG turns from the Napoleonic era and its heroes to introduce us to men who have been shaping the destiny of post-war Europe, in "Nine Etched From Life". Nansen, Massaryk, Briand, Rathenau and Motta are classified as servants of the people; Lloyd George, Venizelos, Mussolini and Stalin as rulers of the people. They are presented to us as national leaders, surrounded by mystery and myth; and at the same time as human beings with strange and amusing characteristics like the rest of us. Each of the nine chapters is a complete biography. Well worth reading. (McBride, 383 pp. \$3.)

A BUSINESS NEWS SERVICE

Stocks Drop
As Silver Plan
Proves a Dud
Dips, Scoring
ral Gains
Senate Refuses
To Vote Ban on
Margin Trades
Buckley Amend.
ment to Exchange Bill
Majority of 48 to 30
Backs Proposal

Private News Letter
A Weekly News Service covering Washington and New York
BUSINESS • GOVERNMENT • FINANCE
233 FOURTH AVE., NEW YORK, N. Y. ★ IN TWO SECTIONS — SECTION ONE

Japan Ready
For Trade War
Sure of Victory
Roosevelt Shelves
Darrow Proposal
For a New N.
3 Powers Sign
Wheat Export
Pact at Rome

May 10, 1934. Vol. I. No. 27.

AMENDING THE SECURITIES

When the President assumed office he declared that the times demanded bold experimentation. He was willing to commit his Administration to a policy of exploration. He likewise promised that he would admit his mistakes and retrace his steps when con-

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◦ THE PROGRESS OF THE WORLD ◦

Party Policies in the Coming Election

By ALBERT SHAW

Republicans Come to Life

IN THE RECORD for the month of June, 1934, one finds throughout the United States more controversy over public affairs than in any previous month since the inauguration of Franklin D. Roosevelt and the welcome retirement of the Seventy-second Congress. The most reassuring voice continued to be that of the President himself.

We are approaching a political campaign, with a new Congress to be chosen in November, and with many Governors and other state and local officials to be elected. It is a good sign of the times that the Republican party shows renewed vitality. As we have often explained in these pages, at no time during his four years of office had President Hoover experienced the benefit of helpful and intelligent coöperation at the hands of Congress. During the first half of his term there was a small Republican majority in the (Seventy-first) House of Representatives. But the Senate was completely dominated by a working coalition between the Democrats and a group of western insurgents who were called "Republicans" in their scantily peopled states of the mountains and prairies, but who were at Washington the most insistent and bitter enemies of Republicanism as represented by President Hoover and his supporters in and out of office.

Difficulties Faced by Hoover

WHEN HISTORY is written with some perspective, President Hoover will have no exposures to fear, and will require no apologists. It is often said that Mr. Hoover was lacking in political finesse, and failed to make a spectacular appeal to popular emotions. But he had little time to do anything except devote his remarkable strength of mind and body, and his unequaled resources of national and international information, to the responsible duties of his office.

The second Congress of Mr. Hoover's term—the Seventy-second in consecutive order—was wholly unreliable from every standpoint. Republicans held committee chairmanships in the Senate (which they ought to have rejected) by virtue of an ignoble deal with their chief opponents, the western insurgents, who also

wanted to retain chairmanships. But once organized and in action, the Senate was intensely anti-Republican. As for the House of Representatives, it was so exactly divided between parties that a few individuals, controlled by lobbyists, could always exercise the balance of power. The so-called leaders of neither party could control the rank and file. The Seventy-second House was a mob, rather than an orderly parliamentary body.

A change of some kind was not only to be desired, but was inevitable. For three years the country had struggled to extricate itself from the deepening mire of the depression that had followed the business breakdown of 1929. If the people could have been aroused to follow President Hoover as their leader in 1930, and if Congress in 1931 had obeyed his demands for economy, and had placed in his hands a small part of the emergency powers that were conferred upon his successor in 1933, it is likely enough that we could have escaped from a large proportion of the havoc that has overwhelmed us during the past three years.

The Swing of the Pendulum

BUT THINGS do not usually happen in precise accordance with what seems reasonable in retrospect. Thus we went into the World War in 1917 under the national delusion that this was the way to help ourselves, or to save the world. Every intelligent person in all countries is now aware that going to war was the most disastrous thing we could possibly have done. We prolonged the conflict, helped both groups of European powers to ruin themselves permanently, and brought upon ourselves the reaction at home that we continue to experience, as well as the determined dislike of foreign countries, of which only the most obtuse among us could now be unaware.

Just as we drifted into the Great War, even so we drifted into a state of economic collapse that led finally to the depositors' panic, and the complete paralysis of banking and business sixteen months ago. All that we need say about it is, simply, that history writes its chapters in that fashion.

In the election of 1932 the country sought to escape from political deadlock. We then gave the world an impressive object lesson in the practical use of our two-



Ewing Galloway

THE GENERAL MOTORS building at the Century of Progress. Mr. Sloan's notable contribution to the opening of the exposition is discussed editorially on page 47.

party system. The framework of our democratic government stood the test quite as well as at any previous time. The Republican party had been losing out for some years, and Hoover had been elected on personal grounds by southern Democrats who thought their own party needed a temporary lesson. Franklin Roosevelt, on the contrary, was elected because the country had decided to give the Democratic party full power. The election of 1928 was a personal, not a partisan, affair as regards the presidential ticket. That of 1932 in contrast resulted in a party victory for the Democrats, and it was a sweeping one. Mr. Roosevelt had not taken previous rank as a national leader. The prohibition issue had helped Hoover in 1928; but the later growth of anti-prohibition sentiment helped the Democrats in 1932. Al Smith, who was defeated in 1928, would have been elected easily if his party had nominated him again in 1932. The party pendulum had made a great swing, as in the Jacksonian period, although nobody was counting upon personal leadership like that of a hundred years ago. So much for a scant summary of recent political history.

Roosevelt Assumes Responsibility

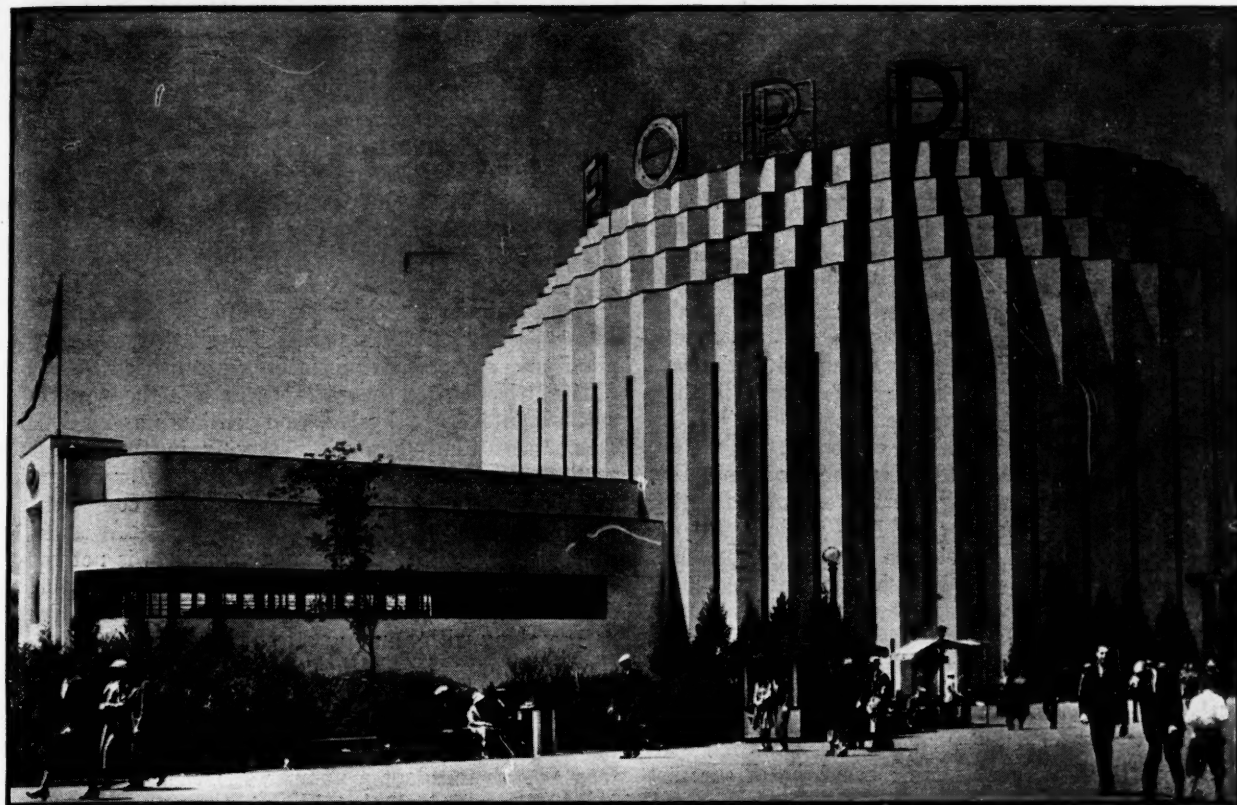
LEADERS ARE MADE by circumstances; but if the men on trial are not found to be actual leaders when the test comes, they are not *made*, but rather *unmade*, by their exposure to the ordeal. In the Harding administration it was the Secretary of State, Charles Evans Hughes, now Chief Justice, who took the lead in the shaping of our policies, those being largely international. In the Coolidge period, leadership was accorded to Herbert Hoover, Secretary of Commerce, our eco-

nomie expansion being the foremost consideration. As President, Mr. Hoover failed to secure cooperation, although his was the guiding mind and spirit.

When Franklin Roosevelt came to the presidency, the European breakdown had found our bankers and financiers unable to cope with the stampede that was sweeping across the country like a cyclonic storm. Mr. Roosevelt did not call anybody else to the front. Undoubtedly he was in touch with his cabinet, and with the Congress leaders whom he had immediately summoned. Also, he took counsel with financial and banking experts. But he did not share his responsibility with anybody—on the contrary, he took the lead in person, and the whole country followed him.

Again and again in these pages we have asked our readers to keep undiminished faith in the American people, because in such an emergency as that of March, 1933, they could act together and could follow a leader. The overwhelming majorities in both houses of Congress were made up of Democrats fully committed to the support of the President, but during the critical weeks of 1933 the Republicans were also in line.

In the 1933 session Congress gave the President a wide range of new emergency powers. Too much was attempted, and after a few months there was hesitation and disappointment. This merely showed that full recovery was not to come by virtue of the waving of a magic wand. Mistakes have been made. The President and his administration have been remarkably open-minded. Even their less fortunate efforts to restore employment, to revive purchasing power, and to advance the price level, have not been disastrous in any profound sense. President Roosevelt has not been discredited, but he has realized the fact that conditions



THE FORD BUILDING at the Century of Progress Exposition is a 1934 product. Mr. Ford did not exhibit in 1933. Editorial comment on Ford activities appears on page 47.

in 1934 are different, and are justifying analysis and criticism that would not have been timely in 1933.

Republican Opposition Is Useful

AS IN OUR MAY number, we are especially urging voters to deal with current issues at close range. In our country, as in all others, it is well to have a working government that is not divided against itself. Ours is the only country of first importance in which the executive and legislative branches can be deadlocked against each other through considerable periods. In view of the extreme difficulty that has surrounded the adjustment of many important measures pending at Washington during the first half of 1934, no experienced political observer will deny the fact that Mr. Roosevelt has again demonstrated his capacity for leadership, in circumstances quite different from those of the previous year. Wise Republicans will accept this view.

With adjournment assured at some date before the end of June, Mr. Roosevelt could enjoy the picture of a clear half-year during which he might give his undivided attention to the state of the country and the effect of administrative policies. Thoughtful Republicans have not been expecting to bring about a violent reversal of the party verdict of 1932. But we are far from the danger of becoming a one-party country like Germany or Russia. Neither are we moving toward the reality or pretense of a non-partisan "national" government like that of Great Britain. Partisanship, with us, had to be brought under flags of truce in 1933. But partisanship can be and should be resumed, under Republican and Democratic banners, in 1934.

The Republican party is needed, and it is to be hoped

that it may be the better in every way for its recent reverses, as it prepares to face its future duties in the states and in the nation. It is to be expected that the Democrats will hold their working majority in both houses of the Congress that will be elected in November, and that will assemble in the first week of 1935. But it is to be desired that the Republicans should regain much of their normal party strength. It will be best for the Roosevelt policies (1) that they should be more clearly defined; (2) that there should be a strict accounting for government expenditure; (3) that there should be an exhaustive study of results in the use of emergency powers; (4) that the normal status should be proclaimed at the earliest possible date; (5) that a new platform of permanent objectives should be drawn explicitly, and set in comparison with the sharp demands of the Democratic platform of 1932.

A Republican opposition, capably led, will soon expose the vagaries of emergency groups of appointed administrators at Washington. The cleavage between the well-seasoned leaders of the Democratic party and the somewhat haphazard experimentalists commonly called the "Brain Trust," cannot be concealed for a period much beyond the assembling of the next Congress. But it is already undergoing compromise.

It is reasonable to suppose that all political elements and all good citizens, regardless of politics, are in accord with the President's enthusiastic aims and ideals, and his broad vision of the welfare of the nation as a whole. But when it comes to the use of the federal government as an instrument for the regulation of the everyday lives and affairs of a hundred and thirty million people in forty-eight sovereign states, we are confronted with practical questions.

"G.O.P." Leaders State Their Case

STATES MAY ADOPT platforms in party conventions, but there will be no national gatherings this year, to formulate principles for the benefit of Congressional voters. The Republican National Committee, meeting at Chicago in the early days of June, realized the need of a general declaration, and it prepared a statement that will be widely accepted by Republican candidates for Congress and for local offices. It was drafted by a committee of nine, more than half of them representing western states, and it was adopted unanimously as an expression of the entire body.

We may quote a few sentences as typical of the attitude that Republican candidates will assume in their campaigning during the approaching weeks. For instance: "The people must determine whether we are to remain a democracy, or to substitute the domination of an all-powerful central government." After listing many social and economic "problems of infinite complexity", including "the problems of a wider spread of prosperity, of relieving the hardships of unemployment and old age, and of avoiding these tragic depressions", this Republican declaration of policy admits that "these problems must be approached in a broad, liberal, and progressive spirit, unhampered by dead formulas, or too obstinately clinging to the past". "Our country has been backward in legislation dealing with social questions. We welcome recognition of the fact that these questions demand attention by government."

This seems in full line with the New Deal; but the Republicans warn us that we must make all these reforms "within the framework of American institutions, in accordance with the spirit and principles of the founders of the Republic, without the destruction of individual freedom". The declaration warns us against the danger of unlimited inflation, and against the substitution of "complete government control of all agricultural production, and of all business activity".

After the more obvious demands for freedom of speech and discussion, the document declares: "We believe in an economic system based upon individual initiative and a maintenance of competition, checked by government regulation, not in an economic system based on bureaucratic control and management".

The four sentences that follow are typical of the declaration: "We believe that the present emergency laws, vesting dictatorial powers in the President, must never be permitted to become a permanent part of our government system. We believe in our federal form of government, with its system of state and local responsibilities. We believe that we cannot spend our way to prosperity. We believe that an unassailable national credit and a balanced budget are indispensable foundations of national well-being."

Mr. Fletcher Becomes Chairman

SOME ABLE MEN of the younger generation were brought to the front in this Republican parley at Chicago, notably Messrs. J. D. M. Hamilton of Kansas, and Walter S. Hallanan of West Virginia. The effort to select Mr. Hamilton as chairman did not succeed, but these two younger men were accorded prominent places—one on the executive committee, and the other as legal counsel. The chairmanship was awarded to a Pennsylvania veteran, Hon. Henry P. Fletcher, who

had entered the army as a young officer in the Rough Riders in Cuba, serving also in the Philippines, and who afterwards held high diplomatic posts in various Latin-American countries including Mexico. He was a post-war Ambassador at Brussels, and for five years Ambassador at Rome. At one time he was Under Secretary of State at Washington, and he was appointed chairman of the Tariff Commission late in 1930.

Mr. Fletcher's choice as chairman of the Republican National Committee, to succeed Mr. Everett Sanders, was a matter of practical judgment on the part of the majority, who were seeking a man of experience, energy, and recognized party standing. Positive qualities of mind, and strong convictions also, are needed for Republican leadership this year, as against the powerful and ubiquitous Mr. Farley, who continues as National Democratic Chairman, while serving in the Cabinet as Postmaster General and acting as mediator between the Administration and the office-seeking contingents of the "faithful" throughout the land.

Partisanship, in the thick of a campaign, is not conducted on purely philosophical lines. Conscientious effort to avoid overstatement and undue emphasis does not go along with stump oratory. Some zealous partisans will even forget their manners and indulge in disparaging personalities. But we are not in much danger this year of a campaign of mud-slinging and misrepresentation. Congress has remained in session long enough to adopt a number of measures, with the President's approval, that will serve greatly to modify the practices that experience had shown to be more harmful than beneficial under the emergency measures of last year. So the Republicans will find their opponents already profiting by criticism and experience.

The President Aims at Reconstruction

THE REPUBLICAN declaration at Chicago makes the charge that "a small group at Washington, vested with temporary authority, is seeking covertly to alter the framework of American institutions". Certainly such a "group", if it can possibly survive the oratory of July 4, will have dwindled so rapidly that it will be hard to find. The President and Mrs. Roosevelt are notably identified with all movements, both official and voluntary, for social reform and progress.

But precisely the same thing could always have been said of Mr. and Mrs. Hoover. We have had no President for a hundred years who did not feel himself a sharer in the common lot, and who did not believe in the spread of economic benefits throughout a nation devoted above all things to equal advantages for all children, whether in city or in country. The "framework" will withstand the transient, emotional outbursts of the "small group". There were no "covert" designs, in spite of Dr. Wirt. Rexford Tugwell is as orthodox as Ogden Mills.

It would help to clarify the confused thinking of many of our citizens if they made themselves better acquainted with our previous experiences as a nation. No movement of national planning today could compare in boldness with that which was contemplated under the enactments that created the states of the Northwest, and more especially those that settled the prairies beyond the Mississippi River, subsidized transcontinental railroads, invited immigration, and shifted millions of people to the newer areas.

Is it, then, some sort of offense that President Roosevelt and his advisers should have been trying to think in terms of national planning, with programs recognizing our present needs? The answer is that if the Government at Washington were not engaged in the study of constructive measures for the better utilization of land resources, the better management of transportation facilities, and the better adjustment of leading industries to present and prospective market conditions, ours would be the only government in the whole world that was neglecting such vital problems. All the way from Ireland to Iraq each country, great and small, is seeking prosperity for all its people through reconstructions of agriculture, industry, and commerce.

There will be no Democratic formulation of principles for this year's campaign, except for President Roosevelt's own expressions. Apart from more specific messages to Congress about particular measures, we have his carefully prepared message of June 8, which deals with the policies and the motives of his Administration, on the broadest possible lines. He thanks Congress for its coöperation, and declares that its work "will be regarded for a long time as a splendid justification of the vitality of representative government". Viewing the achievements of "the past fifteen months with reasonable satisfaction" the President says:

"On the side of relief we have extended materially aid to millions of our fellow-citizens. On the side of recovery we have helped to lift agriculture and industry from a condition of utter prostration."

He proceeds to defend the idea that permanent reconstruction must march hand in hand with recovery. He thinks we have "shown the world that democracy has within it the elements necessary to its own salvation". He places our own country in contrast with "less hopeful countries where the ways of democracy are very new" and which "may revert to the autocracy of yesterday".

Security a Chief Objective

AS TO THE OBJECTIVES of our task of reconstruction, the President places the security of men, women and children of the nation first. He specifies as follows: "People

want decent homes to live in; they want to locate them where they can engage in productive work; and they want some safeguard against misfortunes which cannot be wholly eliminated in this man-made world of ours."

With these principles everybody can agree. As regards detailed policies, information and experience should make full contribution. The President justly contrasts our more complex conditions with the primitive circumstances of earlier times. As for housing, he says there is "ample private money for sound housing projects, and the Congress, in a measure now before you, can stimulate the lending of money for the modernization of existing homes and the building of new homes".

The President proceeds to the problem created by the fact that "hundreds of thousands of families live where there is no reasonable prospect of making a living in the years to come". He is justified in saying that this is a national rather than a purely local problem. He proceeds to discuss the broader problems of land utilization with an intelligence that would have met the full endorsement of his kinsman, the late Theodore Roosevelt, who was the leading conservationist

of thirty years ago. "The rate of speed that we can usefully employ in this attack on impossible social and economic conditions must be determined by business-like procedure . . . Obviously, the Government cannot undertake national projects in every one of the 435 congressional districts, nor even in every one of the forty-eight states." Let us quote the next sentence:

"The magnificent conception of national realism and national needs that this Congress has built up has not only set an example of large vision for all time, but has almost consigned to oblivion our ancient habit of pork-barrel legislation; to that we cannot and must not revert." We are promised "a carefully considered national plan covering the development and the human use of our national resources of land and water over a longer period of years", when the next Congress meets.

The President foresees that security for families in the form of social insurance is a subject that may well be taken up next winter. He does not believe in dealing piecemeal with this question. He thinks there should be a maximum of coöperation between states and the federal government. He anticipates the question by laying down some general principles as to the distribution of insurance costs, especially in reference to unemployment and old age.

An Attempt To Reassure Business

AS REGARDS what many have thought to be subversive tendencies towards communism on the Russian plan, the President makes the following expression:

"Ample scope is left for the exercise of private initiative. In fact, in the progress of recovery, I am greatly hoping that repeated promises that private investment and private initiative to relieve the Government in the immediate future of much of the burden it has assumed, will be fulfilled. We have not imposed undue restrictions upon business. We have not opposed the incentive of reasonable and legitimate private profit. We have sought, rather, to enable certain aspects of business to regain the confidence of the public. We have sought to put forward the rule of fair play in finance and industry."

In conclusion, the President gives us the following sentences, well worthy of approval by all, regardless of party preferences: "We must dedicate ourselves anew to a recovery of the old and sacred possessive rights for which mankind has constantly struggled—homes, livelihood, and individual security. The road to these values is the way of progress. Neither you nor I will rest content until we have done our utmost to move further on that road." President Roosevelt knows how to state his case; everyone admits that he is in earnest; all discerning citizens are furthermore aware that he is seeking constructive means to deal with the continuing problem of unemployment. His objectives are sound. But statesmanship must consider ways and means, and must give due account to the factor of time. The program that is outlined for the next Congress would seem less difficult than that with which the Government has been dealing during the past half-year.

As these comments go to press, the country is anxious about strikes. Congress will have adjourned, and the President will have started on his long journey to Hawaii, before July 1. We are earnestly wishing that he may have a restful vacation, while promoting goodwill across the Pacific.

A favorite pose of the Senator from California, HIRAM JOHNSON



A Summer Full of Politics

By RAYMOND CLAPPER



THE BRILLIANT young senator from Wisconsin, Robert M. La Follette, Jr., has abandoned Republican banners to form his own third party.

WHAT WILL THE issues be in the fall election? It is a little early to tell with certainty, though we are getting a few hints here and there. You will hear the Republicans say that they of course believe Mr. Roosevelt means well but that he has been misled by inexperienced and visionary young advisers who are out to change the nature of the government under the guise of emergency recovery measures. There will be much talk about the new bureaucracy, the lavish expenditures, regimentation, throttling of private enterprise, centralization of authority in the hands of the executive, setting up of social and economic experiments like NRA without any mandate from the electorate, breaking of faith with investors in abrogation of the gold clause of private contracts and devaluation of the dollar.

You will hear the Democrats declare that the NRA experiment was advocated and in large part framed with the assistance of Henry I. Harriman, president of the United States Chamber of Commerce, by way of carrying out the Chamber's long-standing resolution for modification of the anti-trust laws. And that with this objective sought by big business men was linked a provision for protecting the small business man against cut-throat competition and for stimulating re-employment and bolstering wages.

Democrats will defend inflationary moves as the only

alternative to a continuation of the Hoover deflation, which would have meant more bankruptcies, continued falling prices, falling wages, and wiping out of thousands under the burden of a vast debt growing larger with each move of the deflationary process.

They will say that Mr. Roosevelt in 1932 received his mandate for the New Deal, and that the mail which every Senator and Representative has been receiving from home since the day Mr. Roosevelt took office is a sufficient mandate for any Administration. They will say that the country itself clamored for a strong hand in the White House; that its complaint against Mr. Hoover was that he let things drift.

Above all they will insist that increase in employment, the increase in industrial production, the large number of corporations that have put away red ink and started using black ink again for the first time in four years, are sufficient justification for what the Administration has done.

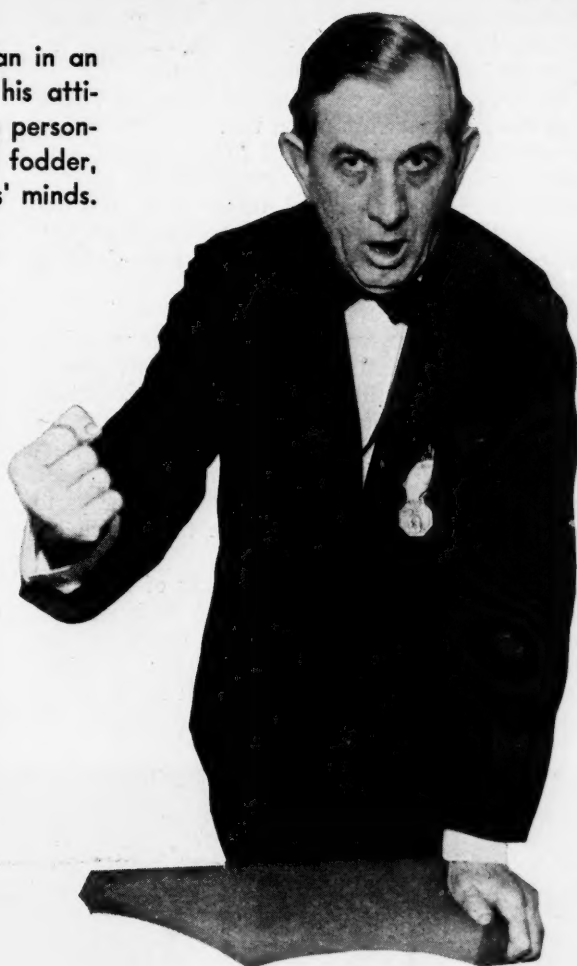
★ THE SUCCESS or failure of a politician in an off-year is not usually determined by his attitude on broad issues. What usually count are personality, the ability to utilize available political fodder, and the general impression made in the voters' minds.



SENATOR ARTHUR ROBINSON goes in for safe "nationalism". Indiana voters will hear much of the Administration's failure to collect the war debts from perfidious foreigners.

When the Republicans wring their hands over the stretching of the Constitution, the Democrats will insist that the government was founded by young revolutionaries who if living now would be in the New Deal ranks; that the founders never expected to lay down detailed governmental machinery which would stand forever; that political instruments must change to fit a civilization which has gone from horse cars to airplanes, from pony express to radio, from a navy consisting largely of the sailing frigate *Constitution* to the mechanized fleet which recently lay at anchor in the Hudson River.

Those are some of the many general lines of dis-



SENATOR TOM CONNALLY is still a Dry. He voted against the veterans' bonus. He is an able Senator, but will ability and experience count when Texans go to the autumn polls?

cussion that are to be heard to the point of weariness between now and November 6, when the country as a whole goes to the polls for the first time since the earthquake of 1932.

BUT SINCE it is primarily an election for the purpose of choosing a new Congress, there will be much infighting among individual candidates of a quite different nature. The whole New Deal will be translated into local terms. Senator Hiram Johnson, Republican who jumped over to the Roosevelt side, will campaign for reelection in California as a New Dealer, though he will oppose the Roosevelt reciprocal tariff plan. This is a cardinal feature of the New Deal economy; but Senator Johnson represents a citrus state which wants protection from abroad, and especially it does not want Washington to be trading with Italy and agreeing to bring in Mussolini's olives in exchange for shipments of Pennsylvania's steel products.

Taking it the other way around, there is Senator McNary of Oregon who happens to be the Republican leader of the Senate. He might be expected to lead the hue and cry against the Administration's spending program. But PWA has put up millions of dollars for building a hydroelectric dam out in his Pacific

Northwest, a project much desired by Senator McNary's constituents. So, as a result, this particular Republican is inclined to soft-pedal his criticism because of the local pull in the other direction.

In Iowa, farmers are so delighted with AAA corn and hog money from Washington that the Republicans in the cornfields don't have much to say against governmental spending. But in Pennsylvania, whence comes one-tenth of all federal taxes, there are few farm crops to bring in government benefit payments. Therefore Senator David A. Reed has made AAA a leading Republican issue.

POLITICS in the year 1934 will take the record of the Roosevelt Administration and interpret it in local terms which will vary widely with conditions in each locality. Therefore it will be extremely difficult to interpret the result as being either a New Deal victory or a New Deal defeat, unless there should happen to be such a strong drift one way or the other as to constitute another mass upheaval like that which occurred in 1932.

But it would be overlooking the tricks of the trade to assume that the coming election is to be fought out on principles entirely. You will find great national questions stressed in the general speeches by party leaders. But when you take a close look at the hand-to-hand fighting in the trenches, many incongruous and

trivial elements enter. Politics down at the grass roots is largely an industry the object of which is to get a majority of the votes when they are counted on election night; by any possible means that will pass muster in a grand jury room.

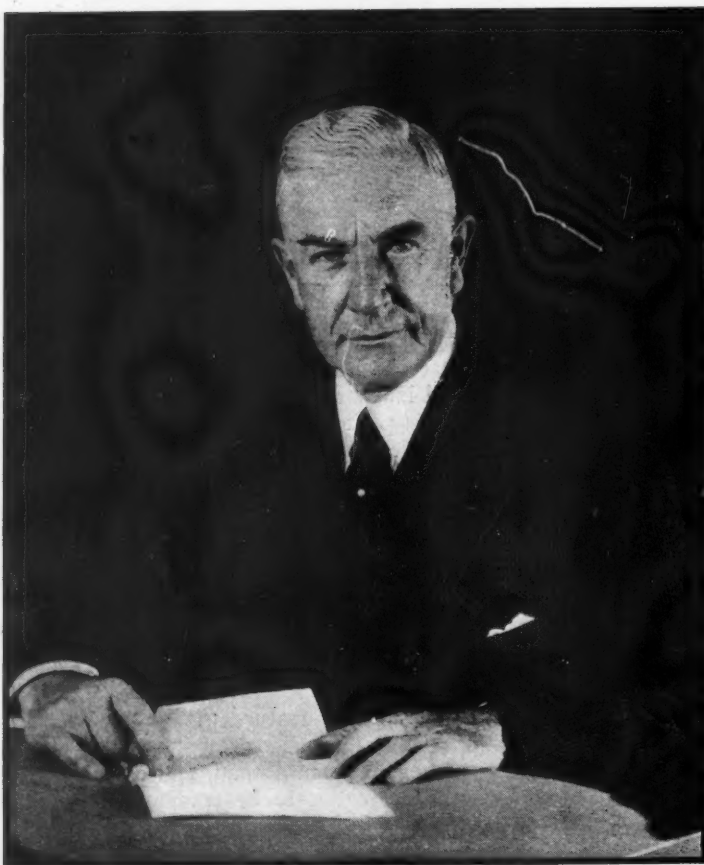
It is not always national questions that bring out the votes. One able middle-western Representative, after long service in Washington, was beaten largely because his opponents circulated a picture of a home which he had built for himself across the Potomac in Virginia. His opponents said he had become a southern country gentleman, and that the pictures of his estate showed he was so presumptuous as to think he held a life-time lease on his job in Congress. One corn-belt Senator fooled his constituents for several years by boasting that he refused to wear a dress suit in Washington. They thought he must be honest because he wouldn't wear one of those sissy clawhammers and dine with the wicked rich.

In Oklahoma, Representative Will Rogers, a thirty-five-year-old school teacher, got into Congress in 1932 partly because some of the Oklahoma voters thought he was the famous cowboy humorist. Now still another Will Rogers has filed in opposition. Candidates may not identify themselves on the ballot in any way except by their names. So the name Will Rogers appeared twice on the ballot in Oklahoma. That is regarded as smart politics in some parts of the country.

A brand new issue was raised in the state of Oklahoma against Representative Fletcher B. Swank, a Democrat who broke into Congress in 1920 by surviving the Harding landslide. He is in trouble this year. Recently he bought a new pair of shoes and they are using it against him in his district, making him out a dude. This was a damaging disclosure of Representative Swank's effete mode of life in the national capital. He was reared on the banks of Beef Creek, and the folks down there are a little touchy about their Representatives who put on airs when they get to Washington. Nothing about the new shoes would have leaked out in Oklahoma if they had not worn a blister on Representative Swank's foot and he had to go to the hospital.

The shoe issue was opened up in the South in the spring of 1933 when Miss Frances Perkins, then new as Secretary of Labor, pointed out as one of the possible avenues of recovery the opportunity to put shoes on hundreds of thousands of people in the South. That nearly wrecked the New Deal below the Mason and Dixon Line. Some took it as an insult implying that nobody in the South wore shoes, while others regarded it as a visionary project typical of the academic ideas of the Brain Trust to think of shoeing the Negroes in the cotton fields who didn't want to wear shoes. United States Senators even made speeches on the issue raised by Miss Perkins.

Secretary of Interior Ickes, one of the most intelligent men in the Roosevelt Administration, has contributed to the elevation of the campaign by mixing in the Illinois primary to denounce Representative James



HENRY P. FLETCHER, former ambassador to Chile, Mexico, Belgium and Italy, is the new Chairman of the Republican National Committee, succeeding Everett Sanders who resigned. Mr. Fletcher was once a member of Theodore Roosevelt's Rough Riders, and has promised a militant political campaign this fall. He hopes to attract young men to the ranks of the Grand Old Party and regain as well the support of Progressives in the West. He promises action.

Simpson, a rich young Republican, on the ground that he had done a good deal of yachting and belonged to a number of exclusive clubs which, in the opinion of Secretary Ickes, disqualified him as a student of politics. Young Simpson was licked.

White-haired Speaker Rainey, running for renomination in his Illinois district, issued a statement a few days before the primary declaring that Wall Street was out to get him. He was renominated and hailed the result as a vindication for the New Deal, although he has been winning nominations in that district without interruption since 1902—just thirty-two years.

In many other parts of the country the hokum is getting under way. A Representative in Pennsylvania and a former Representative in Wisconsin are laboring to raise a Jewish issue. Both these men, Republicans, are circulating in their districts lists of Jews holding office in the Administration. Others, working the opposite side of the street, are throwing up their hands in horror because Mr. Roosevelt appointed Clarence Darrow, the agnostic, to the NRA Review Board. Secretary Wallace, while engaged in the crop reduction program, is accused of cynically feathering his own nest. He owns an interest in the Hi-Bred Corn Company, of Grimes, Iowa, which advertises a seed corn which it is claimed increases the yield by an average of 11.4 per cent to 19.8 per cent. The unprecedented drought, reaching into more than half the states of the Union, is beginning to be attributed in some hinterland localities to the vengeance of God against an Administration which sought to interfere with Mother Nature's bounty.

Politics probably operates on a lower level in an off year. In presidential years the emphasis naturally falls on questions of nationwide import. The personalities and the leadership of the opposing presidential candidates assert themselves. But in the mid-way elections there are no distinguished coat-tails to hide under, and the essentially provincial character of American politics is seen in its rankest growth. Local personalities and local issues take the center of the stage.

YET, IN SPITE of this, mid-term elections have a way of serving as barometers of the weather ahead. When Taft lost Congress in 1910, it paved the way for his own defeat in 1912. When Wilson lost Congress in 1918, Republicans were certain they would move back into the White House two years later, which they did. And in 1930 they saw the handwriting on the wall when they lost their majority in the House.

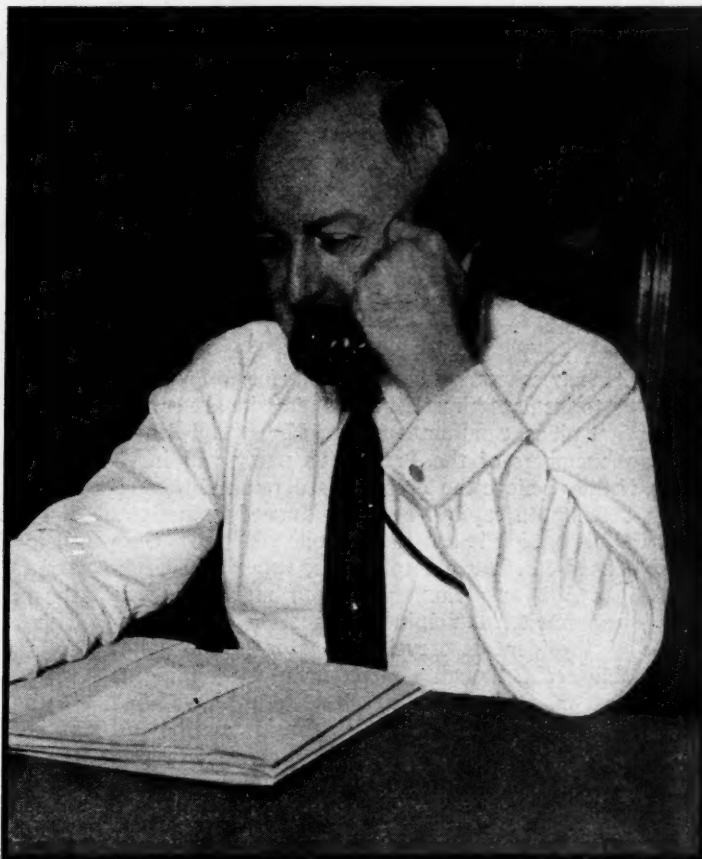
Control of Congress is not at stake this year. Democrats have a majority of exactly 200 in the House. No Republican whose judgment is worthy of respect has the faintest thought that the Democrats will be thrown out of control in the House. Republicans hope to win fifty seats or so. If they succeed in winning seventy-five or more they will consider it a severe rebuke for the Administration.

Republicans do not expect to gain in the Senate at all. In fact they are prepared to

lose some seats. One-third of the Senate is up for reelection, but a number of the seats involved are in sure Democratic states in the South. If the Democrats lose a single seat in the Senate it will be more than Republicans privately expect. It will buck them up more than a gain of two score seats in the House. Because of the virtual certainty that control of neither house of Congress is in danger, this year's election does not promise the clear-cut verdict that would be expected in other years. Whatever the result, its meaning will be clouded in the conflicting interpretations of the opposition parties the day after election.

It is always a matter of dispute whether personalities or issues have the most influence in determining the outcome of an election. Both are important. Sometimes the personality is dominant, sometimes the issue. In 1924 Calvin Coolidge was so popular that scarcely any issue could have changed the result. There was no real issue between him and John W. Davis, the Morgan lawyer. If Mr. Coolidge was safe and sound, who would question the stability, the soundness and the orthodoxy of the man whom the Morgan firm chose as its chief legal adviser and who was director on many of the boards of Morgan-dominated corporations?

Furthermore the Republican party had just come through the black scandals of Teapot Dome, the veterans' bureau looting, the mismanagement of the De-



JAMES M. FARLEY, chairman of the Democratic National Committee, may be Postmaster but his real job is keeping the Democratic Party in good running order. Republicans have charged that their opponents have built up in the various new government agencies a vote-getting machine of dangerous potentialities. This the Democrats deny. Meanwhile, Chairman Farley, unfussed by the air mail and other troubles, goes about keeping party fences in good shape to keep out ambitious Republicans.

partment of Justice and the office of the Alien Property Custodian. Two former cabinet officers faced prosecution. Lesser officials were either on the way to prison or had committed suicide. This, in contrast with the Democratic party's comparatively clean record throughout the war when billions were handled, certainly would appear to have given Davis an advantage in so far as his party was concerned. But the country wanted Coolidge. His personality dominated the situation. He alone, perhaps, saved his party from repudiation in the 1924 election.

In 1928, while it is impossible to disentangle the personalities of Herbert Hoover and Alfred E. Smith from the situation, issues were influential and perhaps dominant. By that time the Republican party was again the party of prosperity, and in addition Mr. Hoover was the candidate of the Drys who still were dominant. The religious issue also operated strongly in his favor. It is true that Governor Smith's personality did not help him in many sections, but this was largely offset by his unparalleled popularity in the East.

In an off-year election such as this, the record and personality of the President are important. Presidents usually have sought to avoid being made the issue in mid-term. Wilson was an exception. In 1918 he asked for the election of a Democratic Congress to help win the war. This was keenly resented by Republicans who had on the whole pressed the war even more vigorously than the Democrats. In the House a Republican member of the Military Affairs Committee, the late Julius Kahn of California, functioned as chairman in conducting the Wilson war appropriation bills through the House, because the Democratic chairman of the committee, Representative Dent, was opposed to the war. Republicans felt this appeal for the reelection of a Democratic Congress implied that the minority party was disloyal in time of war and the rebuke was emphatic. Republicans were given a majority in both houses. Since then the various Presidents have been extremely careful not to expose themselves to such a popular rebuke.

NEVERTHELESS IT IS impossible for a President to insulate himself in a Congressional election. In the first place, candidates for the House and Senate who are members of the President's party will inevitably, if they believe the President still retains his popularity, attempt to capitalize on it. Indeed, sometimes even the opposition is apt to grab one coat-tail. Governor Gifford Pinchot, a Republican, appealed (unsuccessfully) to Pennsylvania voters to make him the Republican senatorial nominee because he was a supporter of President Roosevelt. Senator Hiram Johnson in California, though a Republican, is standing as a Roosevelt man. Senator LaFollette would have liked the Administration's support in Wisconsin; and he still will campaign as a supporter of the President despite the fact that the exigencies of machine politics caused Postmaster General James A. Farley to withhold Administration approval from LaFollette in order to build up a Democratic party in Wisconsin.

A good example of the tendency to capitalize the favor of a popular President is found in the Texas senatorial race. The Democratic incumbent is Senator Tom Connally. He went down the line for the President and supported him in his veterans' veto. Representative Josiah W. Bailey is running against Connally

for the Senate nomination; and nomination in Texas is equivalent to election. Both were anxious to have White House backing. The two candidates, on separate occasions, called at the White House. Both emerged smiling and said they had satisfactory talks. Bailey did a clever job of hitching when he said that he would not run against Connally if the President did not wish it. "I am still in the race," he said as he left the White House. This caused the White House to state formally that Mr. Roosevelt was not participating in any primary contests within the party. And the score was further evened when a short time afterward both Connally and Bailey called at the White House with a delegation of Texans. Mr. Roosevelt told the delegation how valuable Senator Connally had been to the Administration in the session of Congress then nearing its end. He did not refer to Bailey at all.

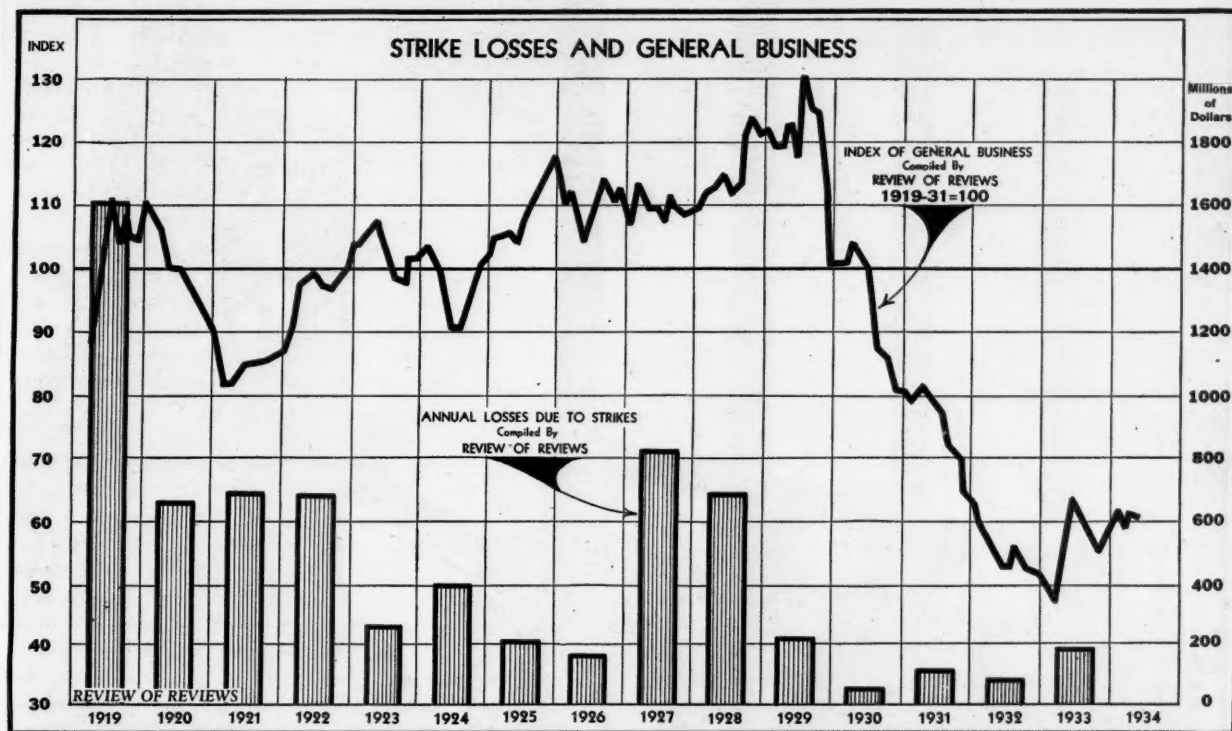
In all manner of backhanded, equivocal, insinuating ways, political candidates who stand to profit by White House support seek to give the impression they have it. So that whether he wishes it or not the President is inevitably drawn into off-year politics.

ACTUALLY the congressional election is a collection of individual contests, affecting 435 seats in the House and at least 32 of the Senate membership (one-third, plus vacancies). The House contests, each confined to the area of one congressional district—often consisting of a few city blocks, or, as in the case of Montana and some other western states, an area larger than all New England—are more likely to turn on matters of local interest. In Indiana, Representative Louis Ludlow, whose district covers part of Indianapolis, is making much of the Government's attempt to establish a furniture factory in connection with its West Virginia subsistence homestead project. Representative Ludlow is interested in this because the proposed government factory would compete with a plant in Indianapolis. Western Senators and Representatives will talk silver like an aggregation of William J. Bryans. Senator Arthur R. Robinson, Republican, of Indiana, capitalizing on the psychology which made Indiana one of the big Ku Klux Klan states some years ago, will harp on the Democratic failure to collect war debts from the foreigners. It is, by and large, every man for himself.

Yet, while the candidates are thus absorbed in special issues, somehow the mass of voters are apt to let their thoughts wander off to the national situation and to form a rough judgment as to whether they like the man in the White House and what he is doing. This mass judgment is a broad feeling, either friendly or hostile. Yet it is largely an unanalysed and somewhat emotional opinion. They either like the man in the White House or they don't; and many, many voters will go to the polls in November to vote for the Democratic candidate or the Republican in accordance with his attitude toward the man in the White House and his party performance.

Thus, in spite of the centripetal forces at work in an off-year election, a counter centrifugal tendency comes into play, the one originating mostly in the candidate and the other in the voter. In the end there comes out a rough rule-of-thumb result which, though many diverse elements enter into the making of it, comes to have for the country as a whole the effect of a verdict on the man in the White House.

THE PULSE OF BUSINESS



BUSINESS for the month of May as a whole shows a recession slightly exceeding seasonal expectations. This decline has continued into June. The bars on the chart show the direct cost of strikes. They are based upon the figures of the Bureau of Labor Statistics showing the number of days lost in labor disputes. This figure is then multiplied by average wages paid each year and the total again multiplied by the ratio between the total output of industry and the wages paid. It does not account for property destroyed or the suspension of work in dependent industries.

Labor—the Storm Cloud in the Business Heavens

BUSINESS is weary of the many-ringed circus which has been performing at Washington since the New Deal commenced its theatrical course on the 4th of March, 1933. The President, with the true instinct of statesmanship and practical politics, realized that the passive attitude of the previous administration and its chauvinistic adherence to the thoroughly discredited noble experiment called for action and experimentation. And what action and experimentation the country has had! A rapid, high-pressure relief, recovery, and reform program was undertaken which did not permit the public eye to wander or its intelligence to pause. At first the country was delighted with this vigorous, two-fisted Messiah who disregarded political precedents and tweaked the noses of the stuffed shirts who had posed as the idols of a previous order.

Circus No Longer Entertains

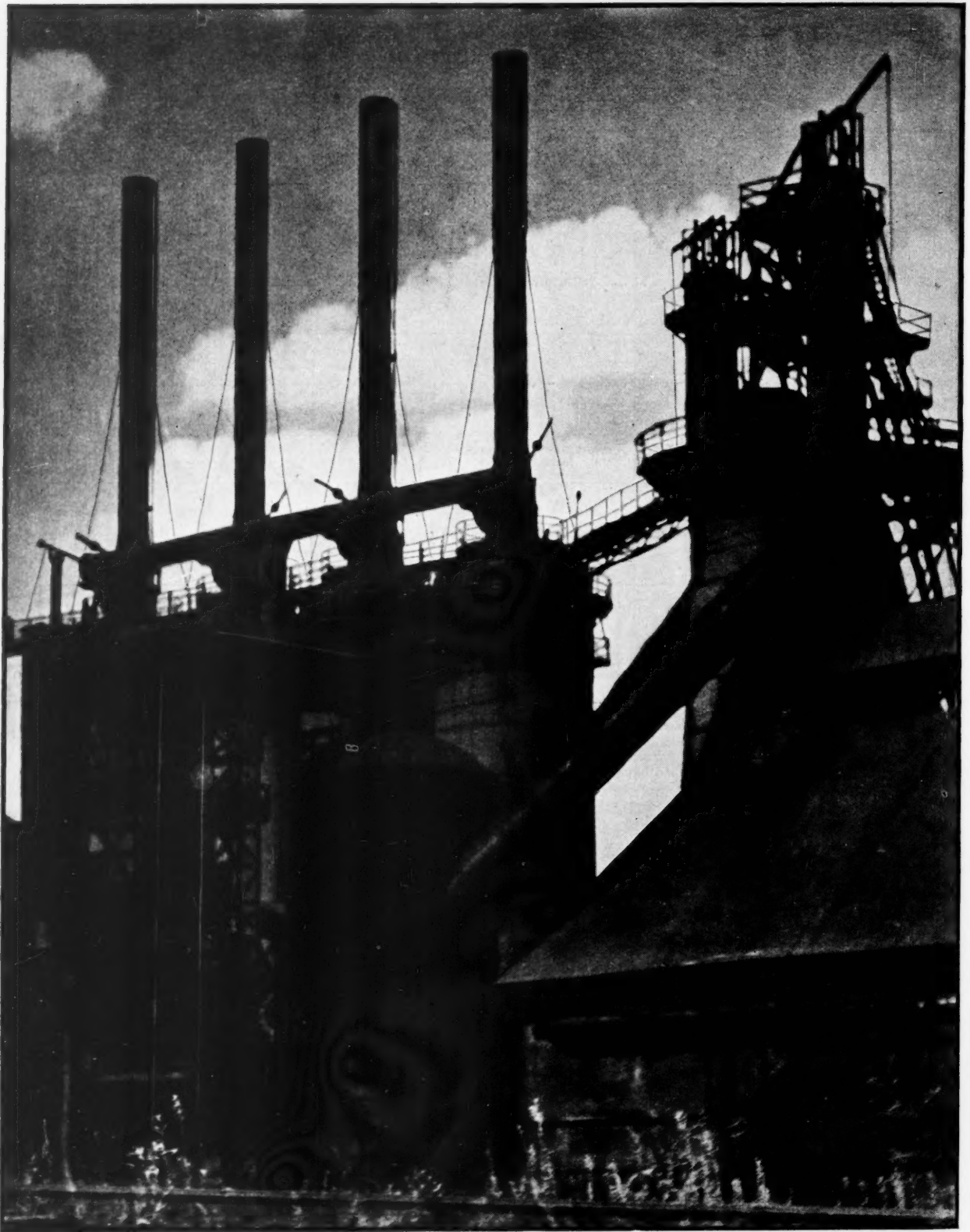
The delight has yielded to ennui among the masses and concern among the leaders. The public is weary of relief, reform, recovery, the alphabetical bureaucrats, the squabbles of Darrow and Johnson, the high dudgeon

of Senators Smith and Glass, and the airy phantasies of Dr. Tugwell of whom Hiram Johnson said:

"He floats through the air with the greatest of ease
This daring young man on the flying trapeze."

The public is willing to park the impedimenta and the nomenclature of the New Deal in cold storage for the next three or four months. Above all it wanted Congress to go home. The President, whose unflinching antennae have noted this weariness, wanted Congress to go home. Congress itself wanted to go home.

There remained some chores which the President felt that the boys on the Hill should do before they went home. He wanted them to pass the Wagner Labor Disputes bill, although his conviction that this is the answer to the prayer for industrial peace has wavered. When the Empire State Senator first brought his measure to the White House for approval the President said, in effect: "Offer it to the lions [Congress]. Do what you can with it. I do not consider it necessary. I will neither help nor hinder its passage." Labor peace failed to follow the Detroit auto settlement formula.



By Jos. B. Wertz, from R. I. Nesmith & Associates

THROUGHOUT the spring months steel has been the bell-wether of business progress. During the first weeks of June, operations in the industry were in the neighborhood of 60 per cent of capacity, approximately the high level since the turn in business last spring. During recent weeks activity has been stimulated partly by the fear of labor strife and partly by the desire to anticipate the higher prices for steel products which would follow higher wages and fuel costs. Our illustration shows a Youngstown, Ohio, steel furnace.

Malcontents in the ranks of labor, lashed by agitators whose congenial livelihood is at stake, were in an ugly mood. The President swung over to the belief that the passage of the Wagner bill might allay the irritation of the workers and furnish a method and authority to handle their just grievances. A still later examination of the bill and the demands of the workers, particularly in the light of the Weirton decision, raises grave doubts regarding the efficacy of the Wagner bill as a remedy. Here is the picture in some detail.

A Pandora's Box of Industrial Strife

It all traces back to Section 7a of the National Industrial Recovery Act, written into the law at the dictation of the American Federation of Labor and regarded as the workers' Magna Carta. How completely this is the case and what a provocation of industrial strife this section has been may be noted from the fact that the National Labor Board has considered 3,755 disputes and that 2,655 were the result of an alleged violation of this trouble-breeding clause. Here it is:

"... employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection."

The Gentle Justice of a Mob

Organized labor operates on the theory that it is the first duty of the government to place the opposition in a straight-jacket. Thus the law assures freedom "from the interference, restraint, or coercion of employers of labor," *alone*. It does not apply to the agents or strong arm mugs of the unions. Thus when an angry mob of strikers in May first brutally beat a lone, red-headed youngster for taking a job which the strikers had abandoned, and then, having stripped him naked, paraded him through the streets of Toledo, such action was entirely consistent with the spirit and intent of Section 7a. It was "interference," "restraint" and "coercion" from fellow workers, against which the laboring man has no protection.

The Weirton case provides an illustration on the other side. In preparation for the voting on the company union, officials of the Weirton plants made speeches to the employees, represented the alleged dangers of unionization, and even entertained the workers at company expense. This was regarded as a flagrant interference with the rights of labor under Section 7a.

In general when workers go on strike they post themselves at the gates of the plant and attempt to "dissuade" other workers who would like to continue at their jobs. Under Section 7a this is entirely legal. If, however, the employer should talk to his workers and persuade them to remain out of the union, or join the company union, this is entirely illegal. "Only our side can carry the ball," claims organized labor. "Any interference or tackling by the opposition is unfair competition."

On the strength of this joker in the New Deal deck, organized labor was able to summon a steady stream

of new cohorts to its standard. It was represented to the men by evangelical organizers that their higher wages, shorter hours, even their jobs, were due to organization and could be safeguarded through organization alone. The prize is an enormous tax upon the wage envelopes of the worker. The Amalgamated Association of Iron, Steel, and Tin Workers, for example, levies dues of \$3.50 every quarter upon its members, \$14 a year. Assuming a total membership of 5,000,000 this is a tribute of \$70,000,000 paid by the workers to their unions. Most of this remains with the local units. To the A. F. of L. the local unions pay one cent per month per member. On a 5,000,000 membership basis this means \$50,000 a month for the labor lobby and for educational purposes.

The Course of Labor Penetration

The method of organization is somewhat as follows: A group of active, aggressive agents are sent into a district to work on the employees. A local is started. To demonstrate their importance the officers of the new union demand a conference with the employer. The demand is accompanied with an impressive flourish consisting of solemn patter about collective bargaining, the rights of labor under section 7a, the NRA and patriotism. Though the agents speak for less than one-fifth of the men, as was true in the Weirton case, they insist upon representing all. If the employer demands proof of authority to represent, it is a sign that he is a chiseler who would sabotage the New Deal.

Where the employer, as the result of a strike or the threat of strike, negotiates with the union and recognizes it this surrender at once brings the following developments: Spokesmen for the union point out that the gains resulting from union activity were shared by all the workers, those who did not pay dues as well as those who did. This is not fair to the men who assumed the risks of a quarrel with their employer. Hence the other workers should be forced to carry their share of the burden. Therefore all the employees must join the union. Furthermore, no one must be permitted to accept a job who is not a member of the union. This gives us the closed shop.

What the Unions Argue

If any worker does more than other workers, or turns in a better job, he is actually undercutting the rates received by his fellow workers. The union holds that there should be no difference in the quality or the quantity of work which an employee turns in. Hence the argument of the employer that promotion should be based on merit is merely a subterfuge of the boss to enable him to fire good organization men and promote men on the basis of their hostility to the union. Since there can be no difference in the quantity or quality of the work which a man performs, it follows that seniority should determine employment as well as promotion.

At some point along the line the union forces the employer to deduct the union dues from the pay of the worker and hand them directly to the union. This is known as the check-off.

Until Solomon rendered his decision in the auto case the A. F. of L. simply pointed to the National Industrial Recovery Act and said to the employers in effect: "You fellows are not giving (*Continued on page 56*)

How SAFE Is My Insurance?

By JOSEPH STAGG LAWRENCE

LIFE INSURANCE has ridden the tempest of the last four years in safety. It is now entering the haven of recovery. The American public is today paying 11.5 per cent of its income to the life insurance companies in the form of premiums and service on investments. Intense competition and able, conservative management have reduced the cost of insurance to the policy holder. Criticism has been limited, prejudiced, and myopic. The assault upon thrift and the prospect of inflation are the two major dangers which the insured and the companies must combat.



HE GAMBLER with the Grim Reaper and she is paying the loss. It might have been otherwise. The insurance companies have kept faith with policy beneficiaries during the most trying depression in history.

"WHY DONCHA put a cigar store on first base?" The devastating subtlety of this query was lost not only upon the pitcher to whom it was addressed but also upon most of the bleacherites who were tossing a typical shower of baseball raspberries toward the distracted hurler. He had just walked his fifth man. The outspoken fan was thinking of the practice of a large chain store which made a careful count of passersby before accepting or rejecting a new location for a store. The chain was relying upon the well-known law of averages to bring a sufficient percentage of passing pedestrians in as customers.

Chain stores are not alone in their reliance upon this law to take the hazard out of enterprise. Proverbially nothing is more uncertain than life. The Great Harvester never vouchsafes man an inkling of his exit. In spite of that, the business of providing indemnity to those who survive the insured person's death ranks with commercial and investment banking as a colossus of finance. The fidelity with which death in the aggregate observes the law of averages has made this part of the business of life insurance comparatively free from risk. The greatest embarrassment to the companies has come from a hazard which could not be predicted in advance—namely, that an undue number of holders would convert their policies into cash.

Death has proved a safer risk than depression. The Grim Reaper kept faith with the actuarians. The depression confounded the statisticians and the economists. Although it was found necessary to declare a moratorium on the liquidation of insurance policies, no beneficiary has been disappointed during the past four years. Since the payment of a matured policy is by all odds the most important and the principal obligation of an insurance company, the record of this industry during the great drouth must, by comparison, be considered phenomenal.

The success of insurance is to be measured not only in the contractual fulfillment of its principal obligation but also by its immunity to the political vendettas which have been launched from Washington against every other form of financial enterprise. The trouble-shooting Senate Committee on Banking and Currency, which ran a sharp-toothed harrow over the vulnerable boom and de-

THIS CITIZEN is offering a hostage to the future. Although the country took a nose dive into four hard years of depression at the very crest of an extravagant era, prophets were not lacking to advocate still greater personal and governmental expenditure to restore prosperity. In spite of this the good, solid sense of many citizens warned them to provide for the future even at the cost of present satisfactions.



Photographs from Ewing Galloway

pression record of finance, spared the insurance companies. True, a rancorous contemporary, holding that everything is for the worst in this worst of all possible worlds, has seen fit to "expose" the nefarious villainy of the insurance companies in emphatic though misleading measures. This freedom from radical wrath and Congressional inquisition is certainly not due to lack of size.

A Colossus of Finance

The assets of life insurance companies account for one-fifteenth of the nation's wealth. The companies are merely the corporate instruments through which the holders of 115 million policies own this sizable slice of the country's material resources, a true socialization of wealth within the framework of capitalism. The assets of these companies are equal to 56 percent of the aggregate deposits in all our banks. Life insurance companies hold one-tenth of all mortgages on urban and rural real estate. They claim one-tenth of the outstanding securities of all our railroads. On the improbable assumption that all the policies written and outstanding by these companies came due tomorrow, it would require more than one-third of the nation's wealth to pay them. The American people constitute but $6 \frac{2}{3}$ percent of the population which inhabits the globe. They occupy but 6 percent of its habitable surface. Yet they hold 70 percent of all the insurance outstanding.

More striking than the outline of its Brobdingnagian assets is the claim which it serves upon the national income. Its position as one of the principal repositories of the nation's thrift has long been recognized. Its rapid progress in the favor of the citizen who craves

a hostage from future adversity has not been perceived. In 1914, the premiums paid to life insurance companies accounted for 2.76 percent of the national income. Ten years later this had increased to 3.50 percent. Assuming an income for the United States in 1934 equal to that of 1933, and premium payments based upon the first three months of the year, the citizens of this land will have paid over to the insurance companies at the end of the year fully 9.3 percent of their total income. This tribute to thrift as a social virtue and to the life insurance companies as its trusted vehicle bespeaks a stubborn resistance to the propaganda of extravagance. It is a public accolade for the manner in which the companies have survived the tempest. More of this anon!

Yes, There Has Been a Depression

It would be folly to intimate that the life insurance companies have not been aware of the depression or that they are not nursing sore shins and bruised muscles. A few of the small companies have folded up, but there have been no casualties which individually or in the aggregate can compare with the mortality in other fields of business and finance. The device of "convention value," under which the assets of the companies were given an arbitrary rather than a market value, saved many of them serious embarrassment. The wholly unforeseen stampede of policy holders for loans—akin to a run on a bank—caused insurance executives many sleepless nights. It was finally necessary to suspend this privilege of the policy holder, to protect the companies in the discharge of their principal obligations; i.e., payments to beneficiaries of matured policies.

When the right to borrow was extended to the policy holder it was never supposed that the land would be afflicted with a depression so severe and protracted as to cause large numbers to convert their policies into cash. Most of these moratoria have now been terminated; and the companies, profiting from their experience, are pursuing a course which eventually will mean lower dividends to policy holders and greater liquidity of company assets. Portfolios of the future will have a larger proportion of government bonds and a smaller proportion of mortgages.

Symptoms of Recovery

While counting the scars of battle it may be well to note the signs of improvement. Insurance companies, like many other forms of enterprise, consider an expanding volume of new business a sign of health. It reduces the burden of overhead upon business already on the books. The inflow of cash from premium payments leaves a larger margin over the payments which the companies in turn must make on matured policies. This protects the company against any liquidation of investments. By diverting the new and larger stream of funds into those investment channels which the current situation favors, it tends through diversification and greater size to afford more protection for the holdings of the companies. (See chart for the source of company incomes and their disbursement.)

With these factors in mind the insurance executive watches two signs with intense interest: the rate at which new policies are being written, and the rate at which present policies lapse. The first is a measure of the ability and inclination of the public to acquire new insurance, and the second is similarly a test of the inability of holders to maintain their premium payments. To some extent the lapse rate may also be influenced by an altered faith in the virtue of life insurance, its cost, its safety and the value of thrift or extravagance as a personal policy.

If we assume that the years 1925-1926 are normal years, and that the rate at which policies are abandoned and new ones written in that period is par or, in the language of the statistician, 100, we find the lapse rate for the first three months of this year to be 125. For every four policy holders who hung out a white flag in the period 1925-1926, five surrendered in the spring quarter of 1934. This may be compared with a lapse rate of 132 for the same quarter in 1933 and 154 for the June quarter last year. Thus on this score the companies, while making rapid progress during the past nine months, are not yet out of the woods.

On the positive side a three-fold test may be applied. The most important for the present is the rate at which premiums are collected. For every \$100 which companies received in 1925-1926, they collected \$137.90 in 1933 and \$143 in 1934 (using the first four months of the year for comparison). The next test in order of

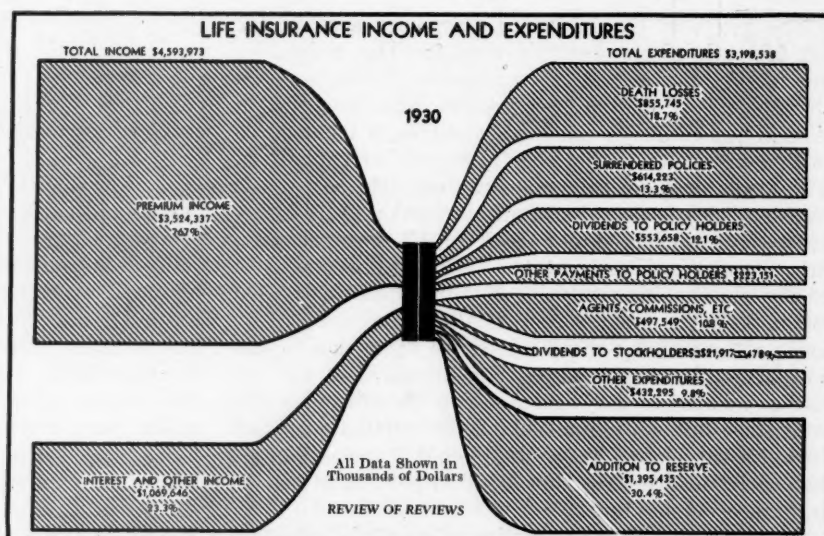
importance is the aggregate value of policies written, since they determine premium payments of the future. For every \$100 of insurance written in our base period, \$77.70 was written in 1933 and \$82.40 in 1934. The final test relates to the number of policies written. For every 100 new and renewed policies in the period 1925-1926, the companies wrote 96.7 in 1933 and 111 in 1934.

Summing up these four measures of life insurance recovery, progress has been made in each instance as compared with 1933. In the number of new policies and the collection of premiums the companies are well above normal as measured by the experience of the period 1925-1926. The lapse rate and the value of insurance written are still subnormal.

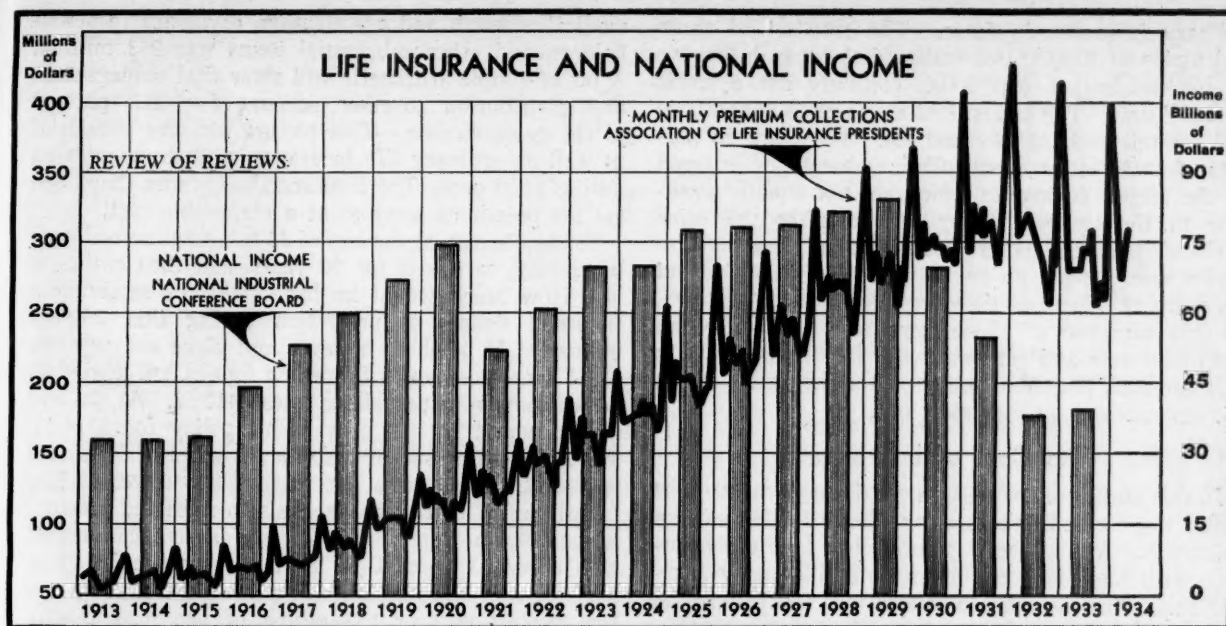
The Insurance Company Balance Sheet

Another aspect of insurance welfare which was heavily emphasized during the depression, and may again be a subject of concern should Congress seek short cuts to prosperity, is the value and liquidity of their assets. On the 1st of January the assets of the 66 life insurance companies each having more than \$100,000,000 of insurance in force aggregated approximately twenty and a half billion dollars. This is distributed in the following manner. Out of every \$100, \$31.01 represents real estate mortgages, \$17.57 policy loans and premium notes, \$10.36 government bonds, \$13.36 railroad bonds, \$8.21 public utilities. The balance of \$19.49 is in other securities, in cash, and in real estate. Recovery has had a wholesome effect upon the insurance balance sheet.

Policy loans which in a five-year period from 1928 to 1933 more than doubled have declined approximately 50 million dollars since the high point (almost three billion dollars) reached in April, 1933. A year ago the insurance companies owed the Reconstruction Finance Corporation almost 75 million dollars. That has now been reduced to less than 40 million, less than two-tenths of one percent of the assets of the life insurance companies which account for but a part of the R.F.C. loans. The recovery in security prices has



THE INSURANCE companies derive 76.7 percent of their income from premiums and 23.3 percent from interest on their investments and other returns. The right-hand side of the chart shows the disposition of this income, 18.7 percent for death losses, 13.3 percent for surrendered policies, 30.4 percent for reserve, 12.1 percent for dividends to policy holders, and less than one-half of one percent for dividends to stockholders.



MONTHLY PREMIUM collections of life insurance companies have been mounting much more rapidly than national income. In 1914, the premiums paid to life insurance companies accounted for 2.76 percent of the national income. Ten years later, they had increased to 3.50 percent. During the current year it may reach the unprecedented proportion of 9.5 percent.

added hundreds of millions to the market value of the bonds and stocks in the portfolios of the companies. The real estate situation is improving slowly. The cost of new construction, thanks to the subsidization of exorbitant labor costs by the Government, remains so high as to preclude any serious threat to the investments of the companies.

In their freedom from executive abuses and in the statesmanship of their public relations the insurance companies have set a high standard for other forms of business. They have been meticulously careful in the selection of directors who could command unquestioned public confidence. They have been active in the promotion of health. They have kept out of politics (not difficult in their case) and have been considerate in their foreclosure actions. As a result the critics of the established order who have seen in the insurance companies an organized and efficient form of individual security inimical to radical change have been hard pressed to find a case. In the absence of serious faults they have resorted to virulence, bilious rhetoric, and a palpably mendacious use of figures.

The Wicked Insurance Companies

Under the challenging title "Can Life Insurance Be Made Safe?" a pair of writers in the country's leading organ of liberal light provoke the policy holder's misgivings with this opening statistical blast: "No concern selling securities or investments to the public on a conservative and decent basis can afford to disburse more than a very small percentage of its income as selling expense. But the life insurance company receives, say, a first premium of \$100. Of this amount only \$40 is needed to cover the cost of the life insurance afforded; the remaining \$60 is paid in as a savings deposit to build up the cash value. Yet the company has been able to pay the selling agent anywhere from 50 to 90 or even 100 percent of the \$60 for his success in bringing it in."

Let us not pause to make the distinction between

assessment and legal reserve life insurance which elementary intellectual honesty requires in apportioning the part of the \$100 which goes for insurance and the part which goes to build up "cash value". Suffice it to say that legal reserve life insurance enables the policy holder to store up the excess part of his earlier premiums to take care of him in his later years when his chances of dying increase with each passing year. It has the virtue of maintaining a uniform premium payment while the risk covered grows year after year.

Likewise only passing attention will be directed to the point neglected by the writers we have quoted, namely, that the "50 to 90 or even 100 percent of the \$60" which the agent obtains "for his success in bringing it in" applies, if it does, only to the first premium.

A "Ponzi Racket on a Gigantic Scale"

The important fact is that we are left with the distinct impression that the cost of life insurance in this reactionary land is excessive and that anywhere from \$30 to \$60 out of every \$100 which we pay as premiums goes to a high-pressure salesman. That life insurance is an unmitigated racket is further supported by the following colorful comment: "It was nothing more or less than the old Ponzi racket on a gigantic scale." Ponzi is a gentleman who recently terminated a long call at one of Uncle Sam's boarding houses. His genius consisted of the sale of stock, the proceeds of which were used to pay fantastic dividends, thus enabling him to sell more stock to pay more dividends, etc.

Perhaps the companies, desirous of avoiding cut-throat competition in a business where qualitative considerations should predominate, have not fully informed their clients regarding the cost of insurance. Certainly the facts are available to any layman who will take the pains to do a little digging. Before summoning statistics of cost there is no reason why the layman should not do a little independent thinking. At the end of 1933 there were 66 life insurance companies no one of which had less than 100 million dollars of

ordinary insurance in force. The smallest of these had assets of \$20,952,096 and capital funds belonging to stockholders of \$1,395,490, certainly not a small financial unit. The largest had assets of \$3,861,000,000 and capital funds of \$286,000,000. There are no patents, franchises or monopolistic advantages enjoyed by the largest companies which are not equally available to the smaller. They are all after the same business. Is it reasonable to suppose that these 66 companies have ganged up on the poor policy holder and are charging him an excessive rate for services rendered, or that any one of these companies could levy an exorbitant rate and get away with it? However, it is on some such jaundiced premise that the critics of the life insurance companies start out.

The Cost of Insurance

In this matter of costs let us get down to cases. The writer was for some years on the faculty of an eastern university. As such he was entitled to take out insurance with the Teachers' Insurance and Annuity Association. This association meets all its managerial expenses from an endowment contributed by the Carnegie Corporation. In the foreword of its handbook Frank A. Vanderlip, chairman of the board, states:

"Unlike other companies, it provides policies especially suited to teachers, not to be had elsewhere; furnishes its contracts at net cost, is exempt from federal taxes as a corporation not for profit, meets all expense of carrying on the business from the income of capital and surplus given for that purpose; has no agents, has trustees nominated by the policy holders, and has been investigated and approved by the faculties and trustees of a hundred universities and colleges which contribute toward annuity contracts." Perhaps this organization still possesses some capitalistic taint which makes its use for purposes of cost comparison invalid, but the fair-minded reader will grant that here is an ideal measuring rod for determining the cost of management and the sale of insurance under private initiative.

The average yearly rate of the five largest companies on a \$1000 life policy beginning at the age of 21 is \$17.45. The rate of the Teachers Association for the same policy is \$13.91. This works out roughly as follows for the policy holder in a private company: Every time he pays \$5 in premiums, \$1 of it goes to management and for the compensation of the agent who sold him the policy. However, in 1933 these five large companies paid back to their policy holders dividends which amounted to 87 cents for every \$5 paid as premiums. Thus the net amount paid to private companies is \$4.13 as compared with \$4 paid to the association which has no agents, pays no taxes and meets its managerial expenses from an endowment. The difference is increased by dividends which the association also pays to its policy holders, but they are considerably less than those paid by the private companies.

Another Approach to Cost

There is a second approach to the cost of insurance under private management. Taking 1930 as the last typically prosperous year of the insurance business, consider the consolidated statement of the 352 companies then operating. Their total income was 4,594 million dollars. The cost of conducting this business—including commissions, salaries, traveling expenses,

medical research and examination, dividends to stockholders, and other substantial items was 952 million. A bit of simple arithmetic will show that management and distribution together account for 20.8 percent of the gross income. This picture includes industrial as well as ordinary life insurance, poor companies as well as good ones. The insurance buyer who shops can get his premiums serviced at a reasonable cost.

Suppose a man at the age of 35 takes out an ordinary life policy, carries it for 20 years, and then cashes it in. How much would he have paid for receiving a thousand dollars of protection during that 20-year interval? If he shuts his eyes and picks out any one of 64 large companies for which figures are available, he will pay in at prevailing rates \$410.52. At the end of the period he can cash in his policy for \$314.61. The total out-of-pocket cost for 20 years of insurance is \$96.18, which turns out to be \$4.80 a year. The "exorbitance" of this charge fails to raise the pressure in our steam gauge. Ten of our largest companies, who carry 63 percent of all the insurance in force, have current rates which will permit the purchase of this protection over the period of the next twenty years at an average annual out-of-pocket cost of \$3.04.

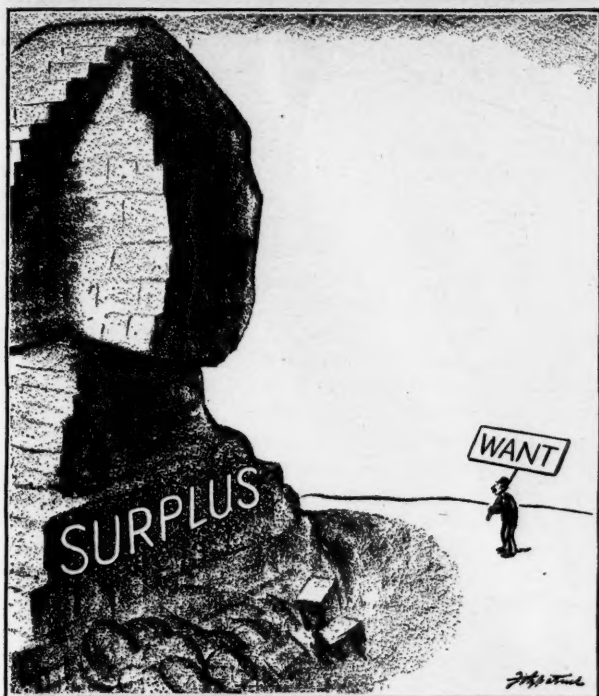
Certain conclusions may be drawn at this stage:

1. *The criticism of life insurance such as we have quoted is malicious and takes liberties with the facts which the most tolerant latitude in interpretation cannot justify.*
2. *The companies have weathered the depression with damages confined largely to the stockholders of a few small companies.*
3. *The managements have been of a high order and singularly free of the sleight-of-hand executives who have brought disrepute to other financial fields.*
4. *The cost of competent private management and sales effort is reasonable when compared with a non-profit, tax-free, endowed organization which has no selling expenses. The proportion of the gross income absorbed as the price of private enterprise is moderate.*
5. *The net annual cost of a thousand dollars of protection to a man between 35 and 55 is less than the cost of a good dinner for himself and his wife.*

If the policy holder can thus satisfy himself that the cost of his insurance is reasonable, that the reserves which his premiums have accumulated are adequately safeguarded, that management has not abused its fiduciary responsibility, that criticism is merely an *ex parte* phase of a broader effort to discredit all existing institutions, he is nevertheless the prey of certain extraneous influences which leave him uneasy.

The Worship of the Grasshopper

The influence which is most likely to affect his individual judgment regarding the desirability of insurance is the assault on thrift. Numerous, eloquent and competent critics have assailed the homely imperative to save which Benjamin Franklin preached in *Poor Richard's Almanac*. As a principle of conduct it is as obsolete as the crude conveyances which then required almost a week to cover the distance from Philadelphia to New York. The appeal which life insurance makes is unquestionably old-fashioned, as foolish indeed as the instinctive effort of the squirrel to provide against a cold winter from the bounteous supply of autumn. With radios, television, air conditioning, aviation and



By Fitzpatrick, in the St. Louis Post-Dispatch

THE RIDDLE OF THE AMERICAN SPHINX

Until the millenium of a social state in which plenty and poverty are levelled, insurance offers the average man the strongest safeguards for himself and his loved ones against the vicissitudes of capricious and fleeting fortune.

the artificial rejuvenation of milady's features, why should we pay any heed to the silly bee and the stupid ant?

This exaltation of the grasshopper has been profoundly rationalized by the exponents of extravagance. Throughout Karl Marx there runs a strain of thought which lays all the world's ills to inadequate consumption, which is again the result of excessive saving by the capitalists. As early as 1804, Lord Lauderdale, writing on the origin of public wealth, inveighed against parsimony. More recently, in the booming twenties, the Pollak school of economists claimed that producers did not pay out enough in the form of wages to enable consumers to absorb the product. In this argument there is the implicit, naïve assumption that income saved is in some mysterious fashion stored in an economic vacuum or is used solely for the purpose of increasing the capacity to produce goods, thus aggravating the maladjustment between production and consumption.

Extravagance, the New Era Formula of Prosperity

All this has resulted in a growing opinion that thrift and prosperity are incompatible, that personal, corporate and governmental extravagance is the surest road to well-being. The fact that this theory was applied in generous doses before the depression; that it did not materially abate the severity or duration of the depression as compared to such a country as France, where the injunction to thrift takes precedence over the ten commandments; that more than two thousand governmental units in this country have defaulted on their obligations because they were forcing spend-

ing power into consumer channels at an imprudent rate, all this does not prevent the apostles of extravagance from urging the chap with a headache and a dark brown taste to go back for the hair of the dog that bit him. The individual with a saving common sense will do well to abandon fancy theories to the theorists. The shibboleth of the anti-thrift school, that the more you spend the more you have, is nectar and ambrosia for the politician and the labor leader. It has no place among the simple, homespun, time-tested principles with which the individual guides his life. The man who wishes to protect his family against the unpredictable summons of the grave can do so only by setting aside a part of his current income.

Inflation and Insurance

It is this theory of social extravagance which suggests the second major danger confronting the policy holder; namely, inflation. The pages of the *Congressional Record* abound in the eloquence of congressmen advocating billions for the bonus boys, for bank depositors, for poor bricklayers to whom acquisitive contractors refuse to pay \$1.75 an hour, for relief of the distressed and for those unfortunates unable to buy gasoline for their cars, all in the name of consumer stimulation.

The President sustained his single major defeat at the hands of Congress over the issue of unmerited veteran payments. His greatest task has been to keep Congress from spending too much. The power of the country to absorb inflationary items such as the 3,300 million dollar public works appropriation, while enormous, is limited. Should inflation get out of bounds it would become in effect an insidious capital levy against all savings. The danger has been emphasized by the extremity and proximity of the German experience.

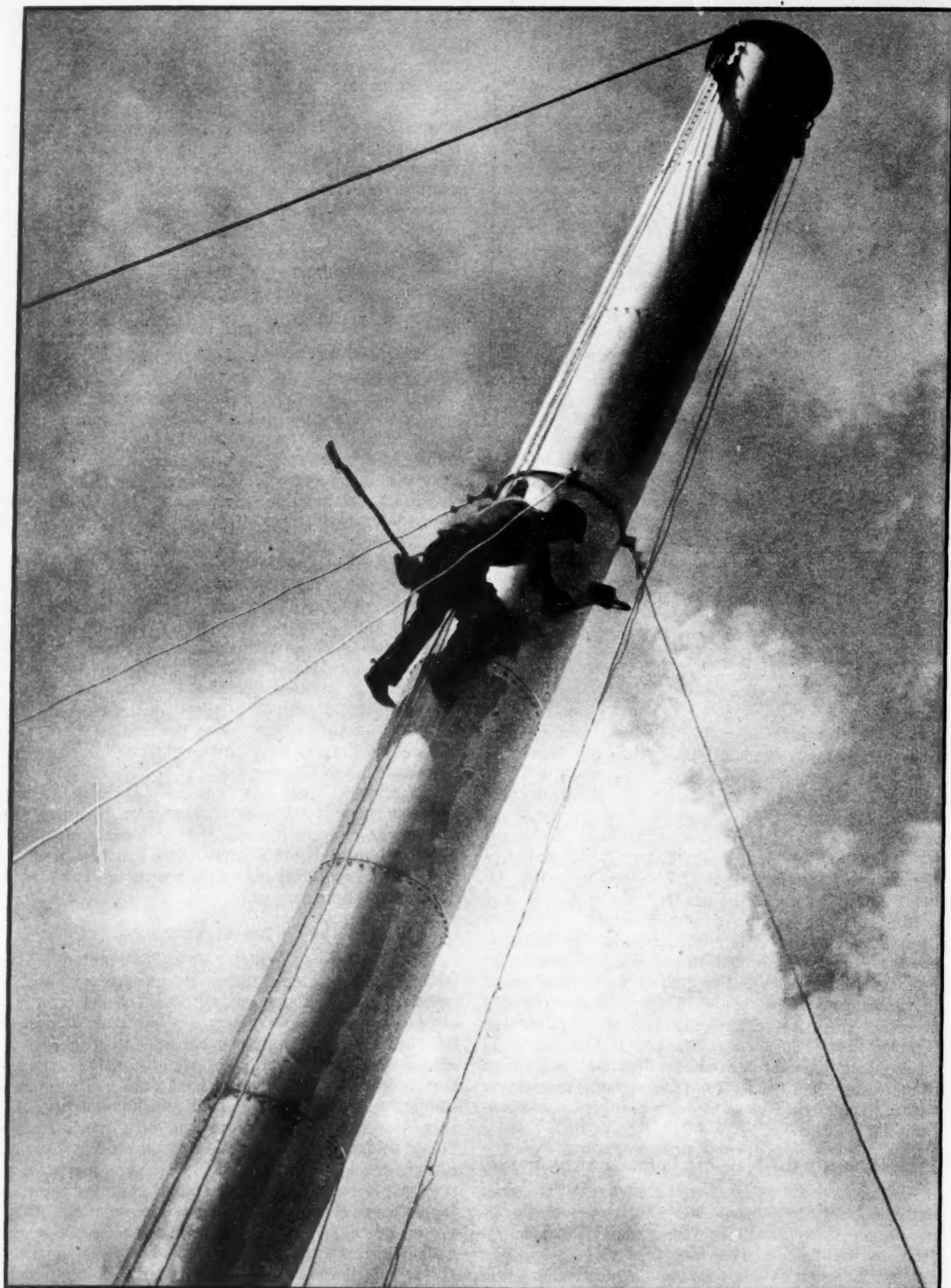
Why should I save—buy insurance—if the politicians and the spend-it-now-to-have-more-later theorists are planning to rape the dollar? It is both a pertinent and vital question. Unfortunately there are heavy scales upon our eyes, consisting of future intangibles which we cannot appraise.

The Virtue of Insurance

To the question "Will we or will we not have inflation?" this amateur soothsayer can offer no positive answer. Nor is it, for our purposes, necessary. The virtue of an insurance policy, no less than a savings bank account, is that it can be liquidated on reasonable notice. In a period of rapidly rising prices—that is inflation—neither the banks nor the insurance companies will have any difficulty in liquidating whatever assets are necessary to pay off depositors and policy holders. Liquidation is difficult only in a period of deflation. Hence the individual who wishes to save need not concern himself *at present* over the impending larceny of his accumulations via inflation. It is not an overnight secret process, but takes place in the open with its various stigmata in the form of rising costs and diminishing obligations developing plainly from day to day. In any event, there is no prospect of any such inflation as Germany suffered.

How safe is my insurance?

As safe as any present human provision against the future can be.



Photograph by Rittase, courtesy New Jersey Zinc Co.

PAINT feels the pinch of depression first. But it is one of the first items put back in the budget when conditions ease up. The expansion of 1933 paint business over that of 1932 spelled profits. The year 1934 shows every indication of betterment. Our illustration shows a steeplejack at work on a power-house chimney.

PAINTING the Way to Recovery

By T. J. MALONEY

IN a recent interview, W. W. Atterbury, president of the Pennsylvania Railroad, said that the surest indication of coming out of the depression could be read in paint figures. "Watch the freight cars—they will be repainted the minute there is a bit of money to spend on maintenance." Paint is one of the first items shut off when a budget feels the pinch, and the first one back on when hard times let up a bit. The expansion of 1933 business, over that of 1932, was quickly written into profits in the paint industry. And unless unforeseen events strip the gears in this faster running year of 1934, that improvement will continue to bear out Mr. Atterbury's statement.

Historically paint has two functions—one protection and the other appearance. Which was the first thought in its development is unknown, but the famed use of war paint seems to point to the prior claim of appearance. Painting was an art before clothing passed beyond the protection stage. It is, perhaps, one of the few items in human history that has its origins steeped in appearance instead of utility. Once its qualities were fully realized, however, there was an about face. When the paint industry, conscious of its size and necessity, began coöperatively to assail America with its publicity, its slogan was "Save the surface and you save all." In other words, protection.

The elements of painting are simple: a can of paint, a brush, and an area or object to be painted. Substitute gallons for cans, spray guns for brushes, and huge industrial plants and industrial products for homes and home ware, and you have run the gamut of an industry that ranks well up in our major group from the standpoint of income.

Steel and wood need the protection which paint gives to their surfaces, and it becomes more important with each year that it is withheld. No protective device equal to it has been discovered that in any way approached its commercial feasibility. Even the sterling protection which zinc adds to iron and steel, in galvanizing, welcomes the further aid to both in the form of zinc dust and other types of protective paint.

The other function of paint is that of appearance. Decorators and paint manufacturers combine with the world of fashion and form to create fads in color, and replacement in paint. Thus, a white vogue now sweeps interior decoration. Then we have the scientific application of color—the utilization of the values of red and yellow, the warm colors, and blue and green, the cool colors—which offers endless variety of paint in home, factory, hospital, school.

For instance: Hospital operating rooms are being finished in light green. This is restful to the eyes of doctors and nurses. It affords fine contrast with the highly lighted operating-table surroundings. It is the best color that can be used.

Living rooms, kitchens, and dining rooms can often be made much more cheerful—even warmer or cooler—

by proper color applications. The coloring of machinery in industrial plants has decreased accidents, increased efficiency, and created better working conditions.

Tests conducted by the research laboratories of the New Jersey Zinc Company show that paint color has definite value as part of lighting—and a definite influence on lighting bills. In experimental rooms equipped with indirect lighting (the walls being used as reflectors), a white room reflected 67 per cent more light than the same room in yellow; 78 per cent more light than the same room in green; and 89 per cent more light than the same room in grey. All colors used were ordinary room colors, light tints from a white base.

Experimental figures such as these are of importance not only to paint manufacturers, public utility companies, and lighting equipment concerns, but to the housewife, the worker, and the manager. Their application in homes leads to the wider use of softer, indirect lighting. Also it changes the basic color schemes to lighter hues, with white for ceilings to reflect the most light. Decreased lighting cost in the home may be small or negligible, but in office and plant it can amount to large sums.

THE STRATOSPHERE flights of Piccard gave another demonstration of the astonishing values of paint and color when wisely applied. As the balloonists expected to spend many hours in the intensely cold stratosphere, it seemed wise to take advantage of the heat from the sun's rays by absorbing them through the use of black paint on the outside of the gondola. Instead of suffering from the cold, the scientists suffered from heat. 75 degrees below zero, Fahrenheit, was the outside recording. It was 100 degrees above zero within the gondola!

When the gondola was prepared for the second flight, a final white enamel coating was placed over the aluminum shell to reverse the proceeding—making use of the color which reflects instead of absorbs heat, to ward off the intensity of the sun's rays. Piccard reported that the difference in temperature in the interior of the cabins, on their flight, with conditions in the stratosphere constant, was 72 degrees Fahrenheit lower. It was actually just above freezing inside the gondola on the second flight.

Here are some demonstrations of familiar uses of the valuable paint and color knowledge. Oil companies use white and light colors for painting tanks to keep their gasoline evaporation loss as low as possible. Ships in the tropical trade are painted white for appearance, but more so to keep interior temperature as low as possible. The *Mauretania*, large Cunarder, transferred to West Indies cruise service for the winter season, was painted white instead of black. Readings on two identical cruises, one before repainting and the other afterward, showed a difference in coolness of 8 degrees. Apartment house courts, and apartments (*Continued on page 63*)

★ STRIKES have increased remarkably in recent months. Labor, believing that business is getting better, wants its share. It looks to the Blue Eagle for help. Men do not strike today for the same reasons they did yesterday. First of all they want union recognition, and after that, better wages.

Labor Draws Its Sword

By JO H. CHAMBERLIN

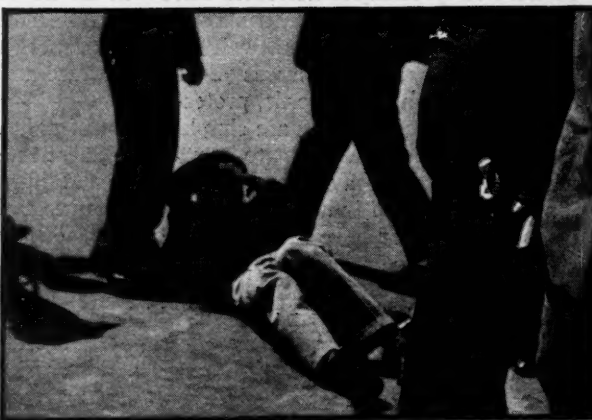
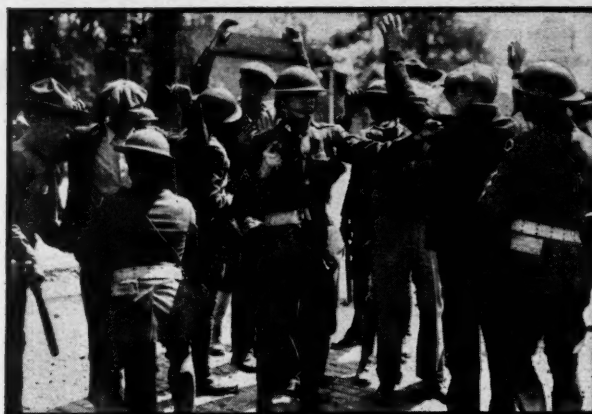
IN DES MOINES the butchers have walked out. In Brooklyn the bakers have walked out, and if there were any candle-stick makers left, say the cynics, they would walk out, too. There are strikes going on in practically every industry today.

For six weeks the waterfront has been a battle front. Striking longshoremen in San Francisco, New York, and Galveston have picketed the boats and battled with police. In Toledo the warfare at the Electric Auto-Lite plant brought out guardsmen, guerrilla warfare, and gas attacks. Two men were killed and a score more wounded upon the field of unheroic battle. In Minneapolis the truck drivers swung baseball bats and there was "headbusting." Only a last minute parley sidestepped a general strike in the textile field, while the steel industry is on tenterhooks.

A few weeks ago even a baseball player on the Cincinnati Reds conducted a one-man strike for higher wages. A brief conference settled differences and the chap went back to the outfield to spear line drives and smother pop flies. So it goes.

Unfortunately, ninety-nine out of a hundred strikes involve more people and are not settled so easily. Usually thousands of persons are directly involved and millions of dollars go up in lost production, idle plants, and grocery-buying wages. Had the textile strike not been sidestepped 300,000 workers would have been directly involved plus millions more storekeepers, shippers, railroaders, retailers—in short, all of us. Nobody is free from the effect of strikes; they flatten all pocketbooks.

The strike is the employees' strongest weapon, a big



stick which has been used since organized labor was born. Why is it being brandished today more than for many years past? The fact is that American industry faces the greatest labor unrest since 1919, when industrial warfare began where the World War left off.

Men strike for many reasons. The reasons today are not those of yesterday. The figures of the Department of Labor show that from 1916 to 1926 there were 27,268 strikes. The causes were plainly evident in nearly 25,000. Increased wages was the sole reason for a third of these strikes, and combined with other issues was responsible for three-fifths of the total. Hours of work accounted for about a thousand disputes, and combined with others for three thousand more. Higher wages and shorter hours were what labor fought for in days of plenty.

The last twelve months tell a far different story. Strikes come thick and fast. The National and Re-



THE LARGE PICTURE at the top of the page shows national guardsmen rushing to the aid of comrades during the Toledo strike. Electrical workers walked out, later gained most of their demands. The top picture on the preceding page shows guardsmen searching Toledo strikers for concealed weapons. The center picture shows one of many hand-to-hand fights during a strike at the Michigan Stove Company in Detroit. The bottom photo shows one of the striking longshoremen on the ground after a bout with officers in San Francisco. Lower left on this page shows an alleged brick-thrower in Cleveland's recent taxi war being escorted to jail. Lower right suggests something of the effectiveness of strong arms and tear gas during the Toledo struggle. Labor warfare is serious business.

gional Labor Boards have been faced with the task of settling 2,000 separate disputes during the past eight months. It is difficult to estimate the total number of men out today. And wages and hours are not responsible.

In periods of recovery prices usually advance faster than wages, and strikes follow in an effort by the wage earners to shorten the gap. This has been generally true following the country's major depressions. Accordingly, hopeful people have seized upon widespread labor trouble as an encouraging sign. This does not necessarily hold good today as it did in the past. The Government has stepped in—something never done before. The NRA is a new actor in the old drama of

capital and labor, and has taken over the leading role.

Three out of four of the strikes in recent months have been over recognition of the unions, involving interpretations of Section 7a of the National Industrial Recovery Act. While the NRA guarantees minimum pay and hours to unskilled workers, the skilled employees have not benefitted directly unless they organized and bargained collectively as provided for in the Act. The company union vs. the organized labor union, the closed shop, what constitutes collective bargaining and who has the right to do it—these are hard nuts to crack.

Here is Section 7a, what the shouting is all about:

"(1) Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) No employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing, and (3) employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President."

There is scarcely a phrase in it which has not been subject to violent dispute, and there has been no high tribunal with definite powers before which such matters could be thrashed out for once and for all. The amazing thing is that the Administration has been able to avert—or postpone—as many conflicts as it has. It is an encouraging fact that the automobile, coal, and textile disputes have not attained the coast-to-coast proportions of labor strife after other depressions. That is when the real headbusting begins.

From the day President Roosevelt took office, it has been his avowed policy to improve the lot of labor. The American Federation of Labor has not let the fact be forgotten. The theory that higher wages meant increased purchasing power, tried earlier in the depression, has been expressed in the NIRA. National and Regional Labor Boards were set up and disputants were supposed to go to these bodies for settlement. The boards did good work although without enforcement powers, but it was soon realized that teeth were needed.

The intervention of President Roosevelt in the automobile situation also upset the Labor Board's applecart of working principles. The motormakers refused supervised elections, and won the point. They refused majority rule, and won again. The closed shop, seniority,

recognition, the check-off—all were denied. This truth, grudgingly admitted, has rankled in labor's bosom. More bitter battles are in prospect, and the possibility is that future settlements will be more favorable to the workers. The New Dealers would rather be poor economists than dead politicians.

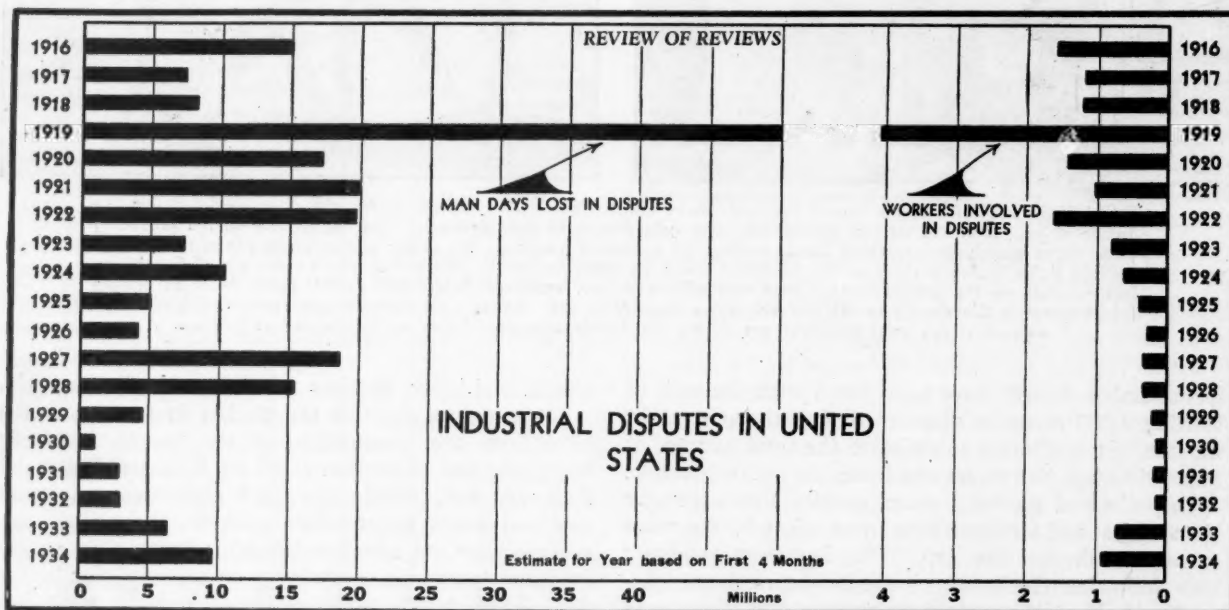
The issues being fought over today are far from simple, as a look behind the headlines in Toledo, in Minneapolis, San Francisco, Cleveland, or elsewhere will show. The newspapers talk the same language in describing labor's battles today that they used during the World War:

TROOPS WIELD BAYONETS AS PEACE FAILS DEPUTY DIES FROM CLUBBING ONE DEAD, MANY HURT IN DOCK RIOTS

These are not simply scare headlines designed to sell more newspapers. They are the sober truth, as going behind the scenes will show. Toledo is a good place to begin.

The trouble really began some years ago when men flocked to Toledo from nearby towns and farms to get jobs. Automobile and parts plants were booming. The open shop prevailed and cash on the line meant far more to these new workers than any principles of organized labor. Hard times finally came along and the men were vulnerable. They either drifted back to the small towns and farms, where they had a place to sleep and something to eat, or went on the city's relief rolls. The Toledo bank failures swept away a lot of the workers' earnings and didn't help things any. When there finally began to be evidence that business was getting better, the workers wanted what they believed to be their share.

During the second week in April some 400 men of the Automotive Workers of America, an affiliate of the American Federation of Labor, walked out of the Electric Auto-Lite plant. An earlier dispute had been partially settled in March. The men now demanded



THE ABOVE CHART shows the number of days lost during labor disputes of recent years and the number of men involved. The picture for 1933 and 1934 has been changed due to the entrance of the government, through the NRA, into the familiar capital and labor drama. The 1934 estimate is based on the first four months of the year. By far the worst year in labor disputes was 1919 when over four million men carried labor's militant banners in the effort to gain higher wages. The great steel strike was only one of many struggles during that year.

a 10 per cent wage jump, a 40-hour week, and recognition. Employees of two other concerns joined them. Auto-Lite officials, however, denied that the strikers were in a majority and claimed that wages were within 10 per cent of the 1929 peak. Both sides turned thumbs down on Labor Board mediation and passing days added to the ill-feeling. Production continued at the plant while workless workers waxed bitter.

On May 23 an iron bolt, presumably thrown from a factory window, gashed the scalp of Alma Hahn, picketer. Angry men rushed the gates where they were met by detectives and strike breakers with water hoses, iron bars, clubs, and tear gas. Hundreds of men and women ending the day's work tried to pass out the gates, pushing and shoving to get through the jam. They were forced back, and all night long the workers huddled in the factory as the struggle outside shifted back and forth. Three times the strikers got inside the plant, smashing \$150,000 in equipment. As dawn finally drizzled in, eight hundred national guardsmen came to free the prisoners.

Attack and Counter Attack

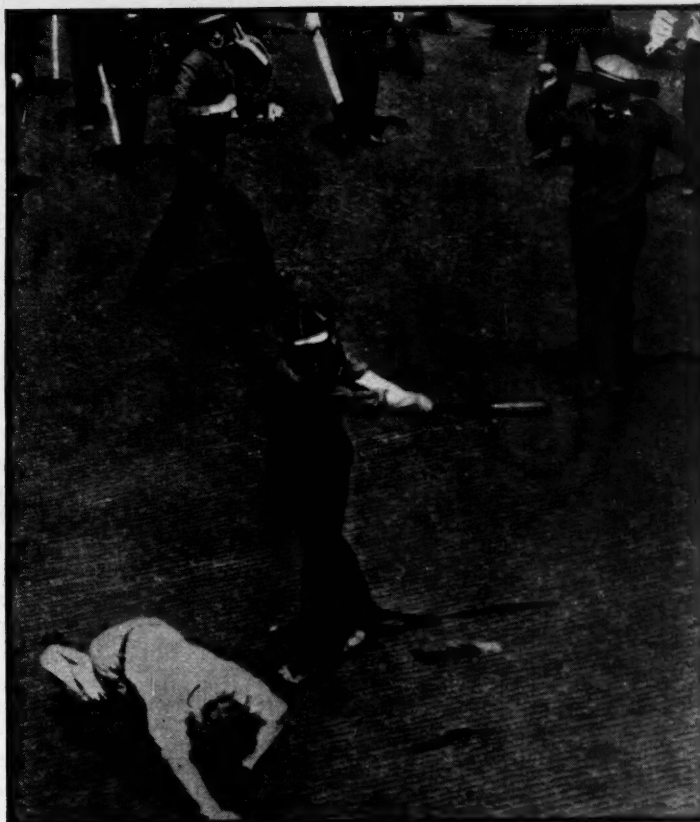
During the following day a mob of six thousand strikers and sympathizers gathered to harass the guardsmen. Paving bricks, stones and bottles whizzed through the air. Blood flowed freely from gashed scalps. The guardsmen retaliated with tear gas. Finally, after firing above the heads of the crowd, an unauthorized volley of bullets spattered death before them. Ironically, the two men killed were outsiders who had come to see the excitement. The strikers fell back, then rushed forward again, into another volley. Ambulances removed the wounded all night long.

After every window in the Auto-Lite plant had been smashed a man called out: "Now you have your open shop!" A mob of 250 men seized a workman who had not joined the strike, stripped him except for his necktie, shoes, and socks, and paraded him through the downtown shopping section. A single policeman rescued the man by saying: "Boys, wouldn't your sister or your mother be shocked by such a spectacle?" The mob let him go.

After a week of intermittent warfare, with threats of a general strike, the electrical workers gained most of their demands. The rioting and the connection of the executive head of the Auto-Lite Company with devastating Toledo bank failures favored the workers' case. A six-months contract gave them a 5 per cent wage increase instead of the 10 asked, recognition of a union committee, and assurance that no strikers would be blacklisted in the future. Men began to clear up the littered streets, repair sabotaged equipment, and bury the dead. What the strike had cost the workers, the company, and the city of Toledo no one could estimate.

What Happened in Minneapolis

Essentially the same issues were fought over in Minneapolis. About two months ago Farmer-Labor Governor Floyd B. Olson told the truck drivers of that



DURING a battle with deputies, striking Minneapolis truck drivers beat their opponents severely. The man on the ground was C. Arthur Lyman, prominent business man serving as a volunteer deputy. His skull was crushed by the striker and Lyman died soon afterward.

city that if they knew what was good for their pay envelopes, they would organize under NRA. This they did, striking for recognition, a closed shop and wage adjustments. The employers fought back, whereupon some 35,000 building trades unionists joined the truckers. What little work they did have had been cut off.

A thousand deputies were commissioned to see that the trucks made their appointed rounds. When the inevitable clash came in the downtown market section, the strikers beat the deputies unmercifully with sawed-off baseball bats, clubs and iron pipes. Every ambulance in town was needed to rush the wounded to the hospitals. The medical men were jeered as they patched scalps and bound up cuts. One striker stepped up behind a prominent businessman serving as a volunteer deputy and crushed his skull with a baseball bat. A policeman died of injuries and scores more were injured, including the usual number of onlookers who had "come to see the fun." A number of oil stations were smashed to cut off the gasoline supply. The picketers slugged drivers of trucks first and heard their alibis afterward, even molesting people trying to buy bread.

A truce was finally declared, the drivers accepting the terms of the employers' committee. The closed shop was denied, prevailing wage scales were to be continued. A permanent arbitration board was set up to settle future disputes over wages, hours, working conditions and possible discrimination. The union was recognized only verbally. Troops on call but never called out cost \$25,000; the truckers and sympathizers lost several days' wages; and the city as a whole had to foot the bill. No issues were settled, not even in theory.



MASS picketing before the New York Ship Building Company, at Camden, N. J.

Longshoremen are not ordinarily considered romantic men. Theirs is the prosaic job of loading and unloading freight down on the waterfront, with no ship orchestras playing nor fancy paper streamers running from ship to shore. In recent years when shipping became almost non-existent, these men in New York, Galveston, San Francisco and other ports had little or no work. What work came along was divided by the steamship companies so that if nobody had very much, most everybody had a little, for food, clothes and an occasional pack of Bull Durham.

In most ports the open shop has prevailed. A year ago the men began to join the International Longshoremen's Association to take advantage of Section 7a. The men wanted recognition, a closed shop and more pay. In December negotiations were begun and on the west coast wages were increased 10 cents to 85 cents an hour and a verbal agreement made for mediation of disputes.

In March the men made new demands for recognition, a dollar an hour, a 30-hour week instead of 48, and the closed shop. At that time strike was barely staved off by President Roosevelt and the appointment of a fact-finding committee. The committee found plenty of facts but no solution. On May 12 about 8,000 men walked out and began peaceful picketing. Peaceful picketing is notoriously short-lived and the longshoremen's was no exception.

Hostilities worthy of big, black headlines began one night in San Pedro, California, when some 2,000 strikers advanced on 400 strikebreakers encamped behind a stockade. They battered down the fence, set fire to the tents and laid heads open. One youth who had joined the union but the day before was fatally shot through the chest. Another man, badly beaten, died soon after the fight. Police responded to a general alarm and the bluecoats forced the attackers back with tear gas and brandished guns. Governor Rolph of California, who was himself to shake hands with death in a few days, called on President Roosevelt to intervene.

Within a few days 25,000 men on the Pacific coast had walked out. Freight piled up on the wharves, and ships did not dare to dock.

Edward F. McGrady, trouble shooter for the Labor Department, hurried to the coast in an effort to mediate. Conferences, however, between ship lines and the Longshoremen's Association availed nothing, and sporadic outbreaks continued. At this writing there is stalemate; both sides have dug in. Meanwhile the San Francisco Chamber of Commerce estimates that the tie-up is costing that port alone \$100,000 a day. Neither side denies that \$100,000 would buy a lot of groceries.

It is evident in all these skirmishes that if the Administration has any policy at all regarding Section 7a, it is this: It will insist absolutely on collective bargaining on the part of all workers, but it will not support any one union, whether independent, company, or affiliate of the American Federation of Labor. This attitude is expressed in the approach toward mediation in the textile and steel situations.

When General Johnson announced last month that a 25 per cent curtailment in cotton textile production was unavoidable to prevent glutting the market, the United Textile Workers of America rose up in wrath. They wanted union recognition and a 33 per cent wage increase to offset the curtailment cut. Otherwise, they would walk out and stay out. Oddly enough, this would have brought about exactly the same result as the cut!

Fortunately for the textile industry there was no strike and no rioting reminiscent of Elm Street in Toledo. The union accepted a draw. The curtailment order stood but the workers were given a member on the Cotton Code Authority, a member on the Textile Advisory Board, and the promise of NRA investigation of possible wage increases, better working conditions, and code chiselling. In answer to employers who claimed that the United was not representative, the union agreed to show 200,000 paid-up members or allow Madame Secretary Perkins to appoint other spokesmen. This point the Government insisted upon.

The Big Stick for the Steel Barons

The steel dispute was approached in much the same way. Some weeks ago the Amalgamated Association of Iron, Steel and Tin Workers, which had dwindled to about 5,000 members, began to show new life. The Amalgamated now controls but a small fraction of the men in an industry numbering over 400,000 workers, but it meant business. It wanted recognition, a minimum of six dollars a day, and the 30-hour week.

There is a parallel between the present dispute and the steel strike of 1919 in which the unions met disastrous defeat. In that year the unions were directed by leaders unskilled in round table negotiating or carrying on war over a wide front. William Z. Foster, one of the leaders, was pegged as an agitator, a Communist and a professional trouble-maker—to the severe handicap of the unions in the press. Today, a "rank and file" committee in the Amalgamated has taken on its inexperienced shoulders the burden of battling the steel barons, with apparently little realization of the part public opinion plays in settling strikes one way or the other. Accordingly, the Amalgamated with division in its ranks is much less able to secure recognition and, after that, higher wages. Until the gaps are closed up in labor's ranks, it can scarce hope to wrest concessions from such experienced warriors as the steel operators.

The Peril of SUBSIDIES for EDUCATION

By JOHN J. TIGERT

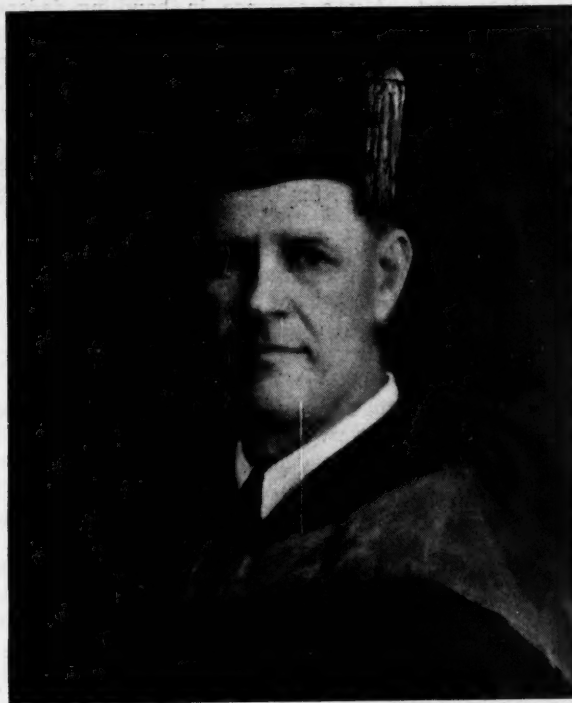
President of the University of Florida; formerly
U. S. Commissioner of Education

A Foothold gained in an emergency, by well-meaning Uncle Sam, will result in gradual domination of our schools by federal agencies and politicians—if we don't watch out!

GRADUALLY THE FEDERAL government has been assuming powers that were originally exercised by the states and local units of government. It has been rather popular to inveigh against this tendency, and fears have been expressed that the assumption of constantly increasing power at Washington and the vanishing rights of the states will eventually destroy the American system of government. The depression has accelerated the tendency toward greater federal participation in the affairs of the states and the people. In fact, this process has developed more rapidly during the present emergency than at any time in our history. We have faced an acute situation which might have precipitated something more violent than anything else that has happened since the period of the War between the States. It is fair to say that we have gone through a controlled revolution and have been fortunate that nothing more radical or abrupt has occurred.

The bulk of our citizenship entertains more than an ordinary degree of appreciation of the courage, skill and energy of President Roosevelt in coping with one of the most perplexing situations that has confronted a President of the United States. There may be a difference of opinion as to the degree to which recovery has been the result of measures which Mr. Roosevelt has adopted; but there can be no doubt that his initiative was highly instrumental in restoring confidence at a time when faith in leadership, both of a public and private character, was all but lost.

Let us assume that the emergency measures which the President has brought forward have saved us. Certainly his handling of the banking situation was superb. Without federal assistance, it is probable that our whole banking system would have crumbled into chaos. It may be conceded that without federal succor the railroads would have gone to pot. Unquestionably the agricultural situation has been critical ever since the inflation stimulated by the War. Although it is still far from satisfactory there have been unquestioned advances, aided by federal policies, notably in the



From a painting by T. Currie-Bell

JOHN J. TIGERT

cotton belt of the South. Improvement is not so noticeable in the corn belt of the Middle West.

Everyone who takes a modicum of interest in education is aware of the pitiable plight precipitated upon the nation's schools by the economic stringency. There is no need to rehearse the tale of woe of schools closed, of terms shortened, of teachers and studies eliminated, of salaries reduced and unpaid, of children neglected and unprovided for. Probably no agency except the United States Government, with its seemingly unlimited and unimpeachable credit, could have provided funds in sufficient amount and with desirable promptness to meet this appalling situation.

We are not questioning these various programs which have been projected during an emergency. How much of this emergency program will finally become permanent is entirely another question. Some evidently anticipate that we are to go still further on the road to federal paternalism. Others are equally confident that there will be a reaction toward state and individual rights. Time alone will answer this question. Let us

make a calm examination of the necessity and wisdom of the federal government's embarking upon the financial support of public schools as a permanent policy under normal conditions.

EVERYBODY KNOWS that the Constitution of the United States made no reference to education. There is no conveyance by the states to the federal government of power in relation to schools. If the federal government is to be justified in participating in the educational program of the states, it can be done only under a very specious appeal to the general welfare clause in the preamble.

Many advocates of federal subsidies for the schools do not believe that federal control or interference is involved. Inevitably, federal control must accompany federal support. My experience in handling federal subsidies for education, under the limited acts now in existence, taught me that you must have federal control and interference or you will have misappropriation of funds and waste. The method whereby the federal government has stimulated certain types of education in the states, through lands and moneys, under the Morrill, Smith-Hughes, Smith-Lever, and related acts, is well known.

It is interesting to observe that this policy was inaugurated during an emergency in which the very existence of the Government was at stake. The first Morrill Act was signed by Abraham Lincoln while the Civil War was in progress. There was profound anxiety as to the ability of the Union to preserve itself. Trained man-power, food, and materials that would provide the sinews of successful war might prove insufficient. Accordingly, the act made large land grants, subsequently followed by cash subsidies, to institutions which would teach agriculture and the mechanic arts and provide military training.

Higher education at that time was largely confined to general culture and professional training in the old established occupations. European traditions and certain prejudices had prevented the expansion of higher educational opportunities to persons engaged in very important pursuits in an industrial democracy. Sooner or later it was inevitable that a nation like the United States, carved out of a vast undeveloped territory, would have to provide for the teaching of the scientific principles which apply to the development of land and its resources. It was just as evident that the greatest industrial nation of all time would have to have technical and engineering schools.

National policies adopted in that emergency proved helpful and necessary for the permanent welfare of the people and the country. There is no question that they have been a vital factor in our social and economic growth. Certain other federal subsidies came into existence in the crisis incident to the World War; for example, under the Smith-Hughes Act.

It is an unfortunate fact that the supervision of educational affairs is still highly involved in politics in most of the states, the chief educational officer being compelled to engage in partisan campaigns. The same is true of local school officers, particularly in the county and similar units, with the exception of city officers. Most cities do have appointive officers who administer their schools. This promiscuous handling of school matters by politicians, long deplored by practically all educational bodies and leaders, greatly complicates the

efficient handling of funds in the interest of the schools and in large measure accounts for the necessity of some kind of federal control to prevent misapplication. Some advocates of federal aid to schools have recommended that the money be turned over to the state officials and divided in proportion to the number of children of school age, or on some similar principle. Such a method of distribution, while the schools are subject as they are to political exploitation, could end only in much waste and eventual scandal.

A factor which adds to the difficulty in the efficient use of federal funds for schools is the fantastic assumption that the average citizen has concerning federal money. Most people consider money coming from Washington like the gifts that they get at Christmas time. They seem to forget that federal money, like state, county, district, and city money, must be raised by taxation. It has been well established in practice that money collected by taxation will be expended with less waste near the source. Funds whose origin is remote or unknown will be more wastefully used than those levied directly upon the locality which uses them.

REASON AND EXPERIENCE both indicate that federal money cannot be expended wisely and efficiently except by exercising federal control and supervision, and even then there is considerable waste. Witness, for example, the huge pork barrels, such as the appropriations for rivers and harbors and other matters which are the result of log-rolling, trading, and political self-interest. If we embark upon a program of turning over federal money to schools without any strings on it, it is only a question of time until the waste, extravagance, and misuse of these funds will result in a reaction or a change. The alternative is federal control.

Unquestionably, democratic government has some weaknesses. It is probably less efficient than a government under an absolute monarch or a dictator who is able and honest. The best apology that can be offered for popular government was advanced by the New England statesman, Fisher Ames, who was indirectly quoted by Emerson in his *Essay on Politics*: "Fisher Ames expressed the popular security more wisely when he compared a monarchy and a republic, saying that a monarchy is a merchantman, which sails well, but will sometimes strike a rock and go to the bottom; while a republic is a raft, which would never sink, but then your feet are always in water."

Neither popular government nor popular control of schools advances in certain particulars as rapidly as autocratic government. It is exceedingly doubtful whether the people of Italy, through the ordinary processes of representative government, could have accomplished the swift rescue of Italy from chaos in the period subsequent to the World War. Mussolini has been able to guide and lead where the Italian people probably would have been incompetent to decide what measures to apply. We have not reached a point in this country where we need a Mussolini. While our school system may not have performed its functions as well as some of us could have hoped, yet the program of general education and the amount of popular information which is diffused justify our continuance in our experiment of popular control of education and government.

If we turn over to the federal government the responsibility of the operation of our schools, we have forged

the weapons whereby some able and self-seeking individual may some day transform our political, social and economic system.

The history of our country is a plain revelation of gradual usurpation of powers by the federal government. There is hardly an instance where the federal government has embarked upon the financial support, operation or regulation of matters pertaining to the states or individuals where there has been retrenchment. The regulation of alcoholic liquors is a notable exception. Jefferson said the cure of democracy is more democracy. Wherever we have attempted to cure by federal intervention, usually the result has been more federal intervention. Compare, for example, the meagre and questionable powers of the Interstate Commerce Commission at its inception with the vast powers which that body now exercises over the states and private business. There is every expectation that once Uncle Sam's camel gets his nose into the educational tent, he will some day come inside.

A sure concomitant of federal support is the destruction of local support. It has been stated that tax money expended close to the source is expended more carefully. This is because there is more local interest. People are more careful of their own money than of somebody else's. Out of this grows the fact that the people develop more interest and initiative in regard to enterprises in which they put their money. If manna is to fall out of the federal heavens for the benefit of the schools, localities will inevitably cut off necessary financial support.

It is accepted that state support is necessary to have efficient schools which provide anything like equal opportunity for children in different localities. And yet state aid is sometimes attended by a certain amount of loss of local interest and support. In 1931, the legislature of Florida wisely increased the state appropriation for public schools. Unfortunately, funds were never made available to carry out fully this legislation. This deplorable situation was enhanced by the fact that many county boards and district boards cut down the financial support that they had been giving the schools because of the increased appropriation by the state. When all the state funds failed to appear, the schools suffered a double disappointment.

As surely as the night follows the day, increased responsibility by the federal government for the financial support of schools will be attended by decreasing support in certain states and localities.

WE HAVE shown that federal aid to the schools must be attended by federal control, under present conditions, if we are to avoid general waste and misuse of these funds. We have also pointed out that federal control will tend to become greater and that centralized operation of the schools is a menace to our institutions and ideals. Finally, let it be observed that

there is no necessity for federal aid under normal conditions whatever we may do in times of emergency like the present. All the states are able to maintain a uniform, efficient system of schools on all levels from the kindergarten through the university without severely taxing their resources. A research bulletin published by the National Education Association (1929), which goes into the question of the income, wealth and ability of the different states to support schools, shows that no state is unable to finance its own school system.

The bulletin was based on information collected by the United States Bureau of Education, the National Industrial Conference Board, the National Bureau of Economic Research, and other reliable agencies just previous to the onset of the depression. It reveals the fact that in 1926 no state was expending more than $4\frac{1}{2}$ per cent of its income on support for its schools, while many were spending less than 2 per cent. The percentage of value of school property in relation to all property was scarcely over 2 per cent in the states where it was highest, and in some states it was less than 1 per cent.

This same bulletin shows that the expenditure for schools in the various states is a mere

fraction of the amounts expended for other things of much less importance than education.

A similar bulletin published in 1932, on Facts on School Costs, presents the same data for the year 1930, after the depression had begun to make itself felt. There is some increase in the percentage of school costs in relation to the income of the states, but not sufficient to alter the situation substantially. In 1930, the highest percentage of school costs in any state was approximately 6 per cent of the state's income. This varied down to a minimum of approximately 2 per cent in the lowest state. Neither is there any significant difference in the percentage of value of school property in relation to all other property within the states.

IT SHOULD be noted that in 1930, there were 128,840 fewer children under five years of age in the United States than there were in 1920. We have passed the peak of population increase. Social and economic pressure, resulting in birth control, have halted the population increase in a way similar to the situation which has long existed in France and some other countries. This definitely means that the burden of supporting schools will be relatively less in the future than it has been in the past. The proportion of children to adults will be less; and the amount necessary for capital costs of schools will be greatly reduced, and there will be a slight reduction in operating costs.

It is evident that there is no necessity for federal financial assistance to the schools under normal conditions as no state, even in prosperous times, has ever expended more than a trifling proportion of its resources on its schools.



IF FUNDS are raised directly by local taxation, says Dr. Tigert, there will always be an articulate protest at their misuse. But with increasing amounts of money coming out of Washington for education purposes there is bound to be a decrease in community responsibility and interest in educational matters. Furthermore, this federal money is not really needed.

MACAULAY

as a New Deal Prophet

THOMAS BABINGTON MACAULAY, writing seventy-five years ago to an American friend, proves himself something of a political and social prophet. His predictions have in large part been justified by events which have occurred in the post-war twentieth century—in Europe, in Asia, and in the United States, with which, in his warning letter, he is primarily concerned. As an historian of the first rank, Mr. Macaulay is well aware that the problems faced by mankind have a way of repeating themselves; and by looking calmly and objectively into the past, he is able to predict the future with considerable certainty.

Uppermost in Macaulay's mind, evidently, are the European revolutionary disturbances of 1848 which wracked France, Germany, Austria, Hungary, Italy and Switzerland, and whose repercussions were felt even in evolutionary England. Karl Marx and Friedrich Engels issued their famous "Communist Manifesto" in this red year, and both the European bourgeoisie and the European proletariat bestirred themselves against royal despotism as codified by the peace settlement of 1815, which followed the Napoleonic Wars. The bloody sequence of 1848 was surely traced, in the mind of Macaulay, to "radical" Jeffersonian doctrines of half a century earlier.

The French republic of 1848, resulting from the overthrow of King Louis Philippe, was indeed a riotous and radical affair which culminated in the imperial dictatorship of Louis Napoleon Bonaparte in 1851. By the triumph of the Bonaparte dictatorship, order was restored to France and "civilization was saved," but at the cost of civil liberties so dear to the hearts of Englishmen. Macaulay was a firm believer in the British ruling class, liberal but in no sense democratic, and he was a strong supporter of nineteenth-century vested interests and the institution of private property.

There are today three conflicting social and political philosophies in the post-war world—liberalism, fascism, and communism—and Macaulay foresees all of them in his private letter. He obviously prefers liberalism upon the English plan, under the expert guidance of an aristocratic caste-rule; for he fears that pure democracy will, in time of stress, lead to communism, under proletarian auspices, and to the destruction of private property. Proletarians he considers to be "Huns" and "Vandals" who threaten a *vertical* invasion, in contradiction to the Huns and Vandals of antiquity—whose invasions of the western world were *horizontal* and from without.

By a "strong military government" or "despotism," under the guidance of a Bonaparte or a Caesar, Macaulay presages Italian or German fascism with a Mussolini or Hitler as demagogic leader. Such a dictatorship, he believes, will preserve western civilization from the rabble—that is, from Marxian utopianism. Mus-

solini and Hitler have indeed guarded their respective nations from proletarian movements, as did Louis Napoleon Bonaparte in 1851; and while Macaulay is no admirer of fascist methods of censorship, he at least prefers fascism to communism in the light of the happenings of 1848. Fascism, despite its militaristic trappings, preserves private property and the orthodox framework of society; while pure democracy, in Macaulay's judgment, leads inevitably to social and industrial democracy—which is, of course, essentially Marxian and communistic.

Macaulay's predictions as to the saturation of the great American West and an American depression are

MACAULAY'S

Holly Lodge, Kensington, London,

May 23, 1857

DEAR SIR:

YOU are surprised to learn that I have not a high opinion of Mr. Jefferson, and I am surprised at your surprise. I am certain that I never wrote a line, and that I never in Parliament—a place where it is the fashion to court the populace—uttered a word, indicating an opinion that the Supreme authority in a State ought to be trusted to the majority of citizens told by the head; in other words to the poorest and most ignorant part of society. I have long been convinced that institutions purely democratic must, sooner or later destroy liberty or civilization, or both. In Europe, where the population is dense, the effect of such institutions would be instantaneous.

What happened lately in France is an example. In 1848 a pure democracy was established there. During a short time there was reason to expect a general spoliation, a national bankruptcy, a new partition of the soil, a maximum of prices, a ruinous load of taxation laid on the rich for the purpose of supporting the poor in idleness. Such a system would, in twenty years, have made France as poor and barbarous as the France of the Carlovingians. Happily, the danger was averted; and now there is a despotism, a silent tribune, an enslaved press. Liberty is gone but civilization has been saved.

I have not the smallest doubt that, if we had a purely democratic Government here, the effect would be the same. Either the poor would plunder the rich and civilization would perish, or order and prosperity would be saved by a strong military government, and liberty would perish.

You may think that your country enjoys an exemption from these evils; I will frankly own to you that I am of a very different opinion. Your fate I believe to be certain, though it is deferred by a physical cause. As long as you have a boundless extent of fertile and unoccupied land, your laboring population will be



MANKIND'S problems have a way of repeating. This famous British historian foresaw the American depression, the trend of democracy, and a dictator-ridden world.

telling examples of this noted historian's foresight.

The agitation for inflation, the demand of LaFollette for a ten billion public works program, the widening interest in a consumer's dividend, the pressure of the veterans, the insistence of organized labor that it be granted a voice in management, the Tennessee Valley Authority, the CWA, the Federal Securities Act, the Fletcher-Rayburn bill—are these not all cumulative proofs of Macaulay's prophetic powers? During the recent session of Congress the President, liberal as he is, was forced repeatedly to step in and halt a raid on the Treasury. An election approaches. Will the result confirm the English historian's prediction that "your government will never be able to restrain a distressed and discontented majority"?

In the England of 1857, depressions did not greatly matter—"the sufferers are not the rulers". Macaulay seems a trifle cold-blooded at this point, for he speaks of carriage-riding and champagne-drinking as a sort of divine right in times when "honest folks are in want of necessities." His words, in the ears of 1934, have a

rather harsh and even brutal ring of class arrogance.

In short, Macaulay proves himself a firm believer in laissez-faire and in natural economic laws of supply and demand, combined with civil liberties; and he clearly dislikes radical reform along the lines of any planned economy—as in present-day Russia, Italy, or America. He would vastly prefer Mussolini to the Politburo of the Russian Communist party; but his ideal institution of a liberal ruling class, buttressed by private property as in nineteenth-century England, might seem to him now to be in a state of decline. What would Macaulay think of his country's post-war labor governments, of her dole, and of her almost confiscatory income tax?

Conservative Englishmen are boasting today that John Bull is the last dependable custodian of democracy in a dictator-ridden world. Will His Majesty's kingdom, paradoxically enough, serve as the final refuge for Jeffersonian dogma? If this be the case, Macaulay—with all of his just claims to immortality—stands utterly refuted.

—R. S.

Distrust of Jeffersonian Democracy

far more at ease than the laboring population of the old world; and while that is the case the Jefferson politics may continue to exist without causing any fatal calamity. But the time will come when New England will be as thickly settled as Old England. Wages will be as low, and will fluctuate as much with you as with us. You will have your Manchesters and Birmingham. And in those Manchesters and Birmingham hundreds and thousands of artisans will sometimes be out of work. Then your institutions will be fairly brought to the test. Distress everywhere makes the laborer mutinous and discontented, and inclines him to listen with eagerness to agitators, who tell him that it is a monstrous iniquity that one man should have a million while another cannot get a full meal.

In bad years there is plenty of grumbling here, and sometimes a little rioting; but it matters little, for here the sufferers are not the rulers. The supreme power is in the hands of a class numerous indeed, but select—of an educated class—of a class which is and knows itself to be, deeply interested in the security of property and the maintenance of order. Accordingly, the malcontents are gently but firmly restrained. The bad time is got over without robbing the wealthy to relieve the indigent. The springs of national prosperity soon begin to flow again; work is plentiful, wages rise and all is tranquillity and cheerfulness. I have seen England pass, three or four times, through such critical seasons as I have described.

Through such seasons the United States will have to pass in the course of the next century, if not of this. How will you pass through them? I heartily wish you good deliverance. But my reason is quite plain that your Government will never be able to restrain a distressed and discontented majority. For, with you the majority is the government, and has the rich, who are always the minority, absolutely at its mercy. The day will come when in the State of New York, a multitude of people,

none of whom has had more than half a breakfast, or expects to have more than half a dinner, will choose a Legislature. Is it possible to doubt what sort of Legislature will be chosen? On one side is a statesman preaching patience, respect for vested rights, strict observance of public faith; on the other is a demagogue, ranting about the tyranny of the capitalists and usurers, and asking why anybody should be permitted to drink champagne and to ride in a carriage while thousands of honest folks are in want of necessities. Which of the two candidates is likely to be preferred by a workman who hears his children cry for bread?

I seriously apprehend you will, in some season of adversity as I have described, do things that will prevent prosperity from returning; that you will act like people who should, in a season of scarcity, partake of absolute famine. There will be, I fear, spoliation. The spoliation will increase the distress. The distress will produce fresh spoliation. There is nothing to stop you. Your Constitution is all sail and no anchor.

As I said before, when a society has entered on its downward progress either civilization or liberty must perish. Either some Caesar or Napoleon will seize the rein of Government with a strong hand or your republic will be as fearfully plundered and laid waste by barbarians in the Twentieth Century as the Roman Empire was in the Fifth—with this difference that the Huns and Vandals who ravaged the Roman Empire came from without, and that your Huns and Vandals have been engendered within your country by your own institutions.

Thinking thus, of course, I cannot reckon Jefferson among the benefactors of mankind.

Yours respectfully,

THOMAS BABINGTON MACAULAY.

Mr. H. S. Randall,

New York, U. S. A.



H. Armstrong Roberts

The Horse Comes Back

By HOWARD FLORANCE

FOR A HUNDRED thousand persons, more or less, a very real phase of national industrial recovery is the return of the horse. Depression laid heavy hand on the stables where rich folk keep race horses, hunters, polo ponies, and saddle horses, and likewise at the box-offices where other horse lovers help materially to maintain these sports. As a result, thoroughbreds could hardly be sold even for a song.

The famous auction of yearlings at Saratoga in August is expected to reflect a spirit of optimism indulged in by those connected with the business as well as with the sport of raising thoroughbreds. In 1932 at this annual Saratoga sale 471 yearlings found new owners, bringing an average of \$901 each. Three years earlier, just before our business picture changed so abruptly, the average yearling at Saratoga brought \$3597. The price decline in horseflesh, as mutually agreed upon by breeder and racing-stable owner, was 75 per cent. In aggregate amount the sale brought \$1,884,900 in 1929 and \$424,465 in 1932.

Last year came the turn, for the Saratoga sale in August was in the midst of 1933's memorable upswing in business. The average price rose to \$1120. A further move upward this summer is expected.

The new deal for horses is more susceptible of proof, however, in other ways. On Decoration Day the largest crowd of racing fans in ten years entered Belmont

Park—25,000 paying customers. A few months earlier there had been grave doubt that the track would open its gates at all. At the winter tracks in Florida the attendance this year, during 86 days of horse-racing, totaled 564,627 persons—a gain of 44 per cent over the previous year.

Less measurable statistically, but quite as much in evidence, is a revived interest in polo, horse shows, hunt meets, and horseback-riding. The horse is coming back into his own. What this means to the farmer (usually a so-called gentleman farmer), to business and employees in wide variety, and to state and federal governments in the form of taxation, is indicated in paragraphs that follow.

FIRST WE PAUSE to sketch a swift picture of the decline of the horse. It is hard to realize the speed with which that animal was approaching the point of extinction. Except for the earlier displacement of horse-cars by electric trolleys, it is a story of the rise of the automobile—pleasure car, truck, and tractor. For the first fifteen years of the automobile the horse held his own. The tide began to turn with the close of the war, though the war had little to do with it. All through the post-war business hesitation, the era of prosperity, and the great depression itself, the horse galloped on toward his last round-up.



H. Armstrong Roberts



OLD DOBBIN DOOMED? Well, not exactly. The number of work and farm horses has been decreasing, even though hard times put many a tractor in the barn. Interest in riding, polo, racing and hunting, however, is on the upgrade. In a highly mechanized age, people are looking increasingly to the horse for pleasure and recreation

Once each year, as of January 1, the Department of Agriculture estimates the number of "horses on farms"—which includes not merely farm animals but those being bred for all other purposes. From 1915 to 1919 this annual census found 21 million horses (disregarding fractions of a million), but since then the decline has been steady and swift. On January 1, 1934, only 11.9 million horses answered the roll-call.

Here is a loss of more than 9 million horse lives in excess of births in 15 years. From one end of the land to the other 57 horses remain where there were 100 before. Speculate for a moment on the loss to the farmer through this disappearance of 9 million consumers of feed:

It is impossible to fix a standard ration, for statistical purposes. Some horses are fed oats and hay, while horses on the farm will more often eat corn and grass. Suppose we use the army regulations for a cavalry horse—12 pounds of grain and 14 pounds of hay per day. Multiplied by 365 days and by 9 million horses, the farmer's lost market is 23 million tons of hay in a year and 1233 million bushels of grain. That much hay is one-third of our whole crop; and if the grain were all oats it would approximate our entire oat crop. The farmer's troubles are due in no small measure to this lost market.

It is a phase of the mechanization of America, both in work and in play; and the full significance of these

figures is apparent only when we note that the number of horses in France has remained constant for years at 2.9 millions and in Germany has dropped only from 3.9 millions in 1926 to 3.4 millions on the last day of 1933.

The farm horse has fought a losing battle since the first tractor drew an admiring audience from miles around. Could the farmer afford the investment? That was the sole question, and it was only a matter of time. Using five horses a man can plow $4\frac{1}{2}$ acres a day. Using a 3-plow tractor he can cover 11 acres in a day. One tractor thus takes the place of five horses and does two-and-a-half times as much work. And yet 2 farms out of 3 in Iowa or Illinois still have no tractor at all!

With feed so cheap and gasoline so dear, even the farm horse has taken a new lease on life. Last year's mortality was the smallest since the decline began. Possibly this year will show a rise.

WHO INJECTED the adrenalin or administered the smelling salts that put the horse on his feet again? Well, it is merely one phase of the prevailing trend toward liberalism that finds its most marked evidence in the repeal of prohibition. State legislatures which last year voted to end the effort to control man's drinking habits have been quite as willing to abandon a similar effort to eradicate the same man's innate desire to back his judgment or his skill with a modest sum.

So here and there from New Hampshire to California



CAVALCADE, this year's Kentucky Derby and American Derby winner, with jockey Mack Garner, trainer Bob Smith, and owner Mrs. Isabel Dodge Sloane. Her horses are carrying off the lion's share of 1934 prize money.

we find legalized betting at racetracks. Both those commonwealths, by act of their legislatures, joined the ranks of pari-mutuel states last year, and Rhode Island followed suit this year. Fourteen states have legalized pari-mutuel betting, and three other states permit it. The list includes Kentucky, Maryland, Florida, West Virginia, Rhode Island, and New Hampshire in the east; Ohio, Michigan, Illinois, and Missouri in the middle west; Louisiana, Texas, and Arkansas in the southwest; and Nevada, California, Oregon, and Washington in the far west.

Pari-mutuel betting thus has almost wholly superseded the old-time bookmaker. It is a mathematical system whereby the odds are determined by the bettors themselves. The more money that is wagered on the horse which proves to be the winner, the more persons there are to share in the money wagered on losing horses, and the smaller each winning share becomes. If the horse which wins had few followers, those few will divide the larger amounts wagered on other horses.

The bookmaker followed the same principle, making a "book". Never in theory did he risk his own capital, but rather acted as custodian of bettors' funds. Since he had no means of knowing, at the opening of his book, how later betting strength would develop for any horse, his opening odds might prove to be too long or too short. He would thereupon alter them, one bettor thus faring differently from another. The bookmaker might go deep in the hole; but since he himself fixed the odds he was more likely to come out far ahead.

With the pari-mutuel system, imported from France, there are no opening and closing odds. All winners share alike. Indeed, it is the very honesty of this system which is responsible for its widespread acceptance—first by racing officials and patrons, and now by the lawmakers. A recent development is the introduction

of the totalizator—or "tote" machine—which prints the tickets, records sums bet on the several horses, and calculates amounts due to holders of winning tickets.

An advantage appreciated only by the bettors is the orderliness of the pari-mutuel row of ticket windows, as contrasted with the milling crowd around a bookmaker; for most of the bookmakers' crowds are shopping from one post to another, and back again, seeking a bookie who is offering $4\frac{1}{2}$ to 1 instead of 4.

Under the pari-mutuel system the holders of winning tickets divide all the money taken in for a given race except the percentage retained by the betting concessionaire—the stockholder or middleman who brings the buyer and the seller together—and by the state in the form of tax. In Florida, for example, 10 per cent of the money wagered on each race is withheld. Seven per cent is for expenses and profit, and 3 per cent is the state's share. In Maryland and Kentucky the tracks pay a daily license fee to the state in lieu of percentage. Most states also levy an admission tax of 15 per cent.

Florida, which taxes dog races as well as horse races, added \$1,072,160 to its revenues in the four-months season which ended in April 1 of this year, from both sources. The

State Racing Commission informs us that the amounts wagered at horse and dog tracks totaled \$27,459,749, compared with 19 million in the preceding winter; another sign of returning prosperity.

New York's legislature adopted a resolution in April that may ultimately permit pari-mutuel betting. But since the state constitution prohibits "pool-selling, bookmaking, or any other kind of gambling", an amendment is necessary excepting "pari-mutuel betting on horse races from which the state shall derive a reasonable revenue". This requires passage by the next legislature as well as the recent one, and then submission to the people.

Meanwhile the legislature did pass a law which has served to permit the bookmaker to return openly to the racetracks of New York after an absence of twenty-six years. This law is popularly understood to permit betting. Actually it does nothing of the kind. "Any person who engages in pool-selling, or bookmaking with or without writing at any time or place, . . . is guilty of a misdemeanor" still. What happened is this: the legislature removed the sword of Damocles which hung over the heads of directors of racing associations, by inserting a new clause in the old anti-betting law stating that "the permitting of the use of the premises for the doing of the act . . . shall not be deemed a violation."

It is still against the laws of the state of New York to bet upon the speed or endurance of horses; and any money so wagered (and lost) "may be recovered in a civil action by the person or persons with whom such wager is made." Nevertheless from 75 to 150 bookmakers, each with a staff of five helpers, have found occupation on each racing day in New York since April 1 to handle bets placed with them by a clamoring mob. On the opening day of the season—the first day of open

betting in a quarter-century—there were more spectators at the Jamaica track than on any previous day in all its history, plainly due to the new procedure which makes the racetrack itself the scene of betting rather than poolrooms—reminiscent of that other recent change from speakeasy to open drinking.

What does it mean, from a business standpoint, to have tens of thousands of persons in a single day at Churchill Downs near Louisville, at Belmont Park near New York, at Washington Park near Chicago, or at Rockingham Park near Boston?

Take Belmont Park as an example: Twenty-five thousand paid admissions at \$2.50 each means \$62,500 put into circulation. Since 50 cents on each ticket represents taxes, it means 20 cents from each person into the U. S. Treasury, or \$5,000; and 30 cents more into the state treasury, or \$7,500.

So much for a single day, a big day it is true; and there are 170 days of racing in New York State, divided among five tracks. In 1929 the receipts at these five tracks were 2.9 million dollars, cut in half during 1932 and 1933, and now once more on the upgrade.

But the real business of racing is represented only in small measure by the customers at the gate. The tracks in New York pay salaries estimated at \$650,000 annually to officials, clerks, and laborers. In addition daily wages are paid, during 170 days of racing, to perhaps 1,200 men at \$10 per day—some \$2,040,000 in the course of a season. The total annual payroll of these two groups is \$2,690,000.

A FAR greater sum is the payroll of horse owners. The Pinkerton Detective Agency issues identification cards to 2,000 stable employees—grooms, exercise boys, etc. Even with half-time employment, at \$100 per month, this amounts to \$1,200,000 in a year. In addition there are about 350 trainers estimated to receive \$2,000,000 yearly, and 200 jockeys who receive \$1,000,000. These are estimates of the Jockey Club.

Adding our four sums together we get a total of approximately 7 million dollars yearly paid in wages

and salaries in New York State alone, by reason of the fact that horse-racing is a sport dear to the hearts of many Americans. The five racetracks themselves represent a locally taxable investment of 17 million dollars; so that the nation, state, and city all claim the race course as a source of revenue.

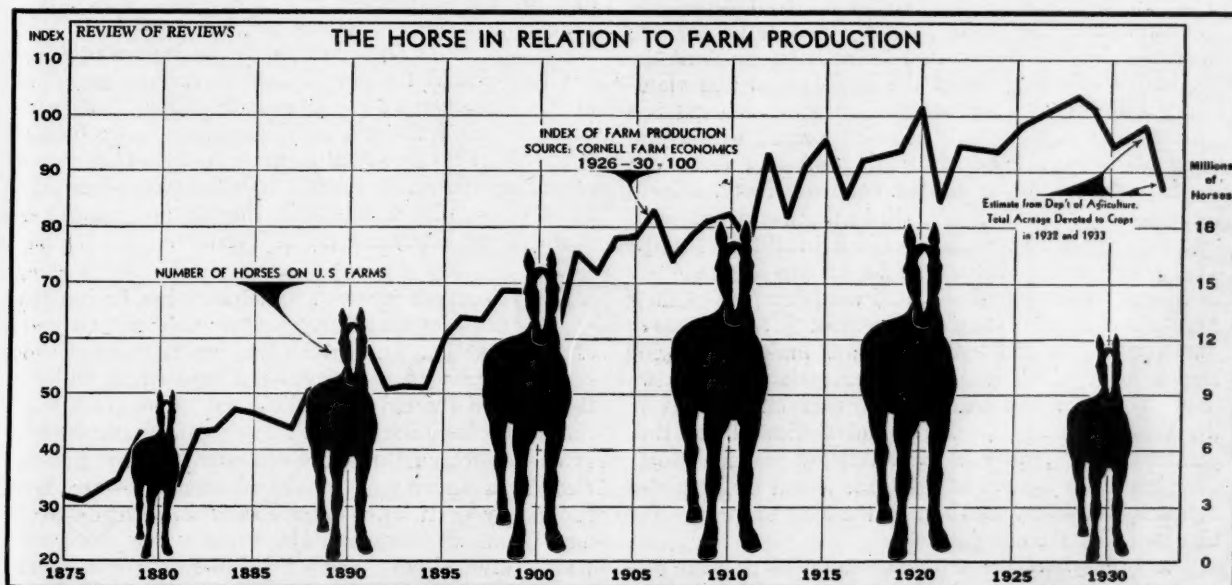
The United States is now the largest producer of thoroughbreds in the world, an industry centering in Kentucky, Virginia, and Maryland. In these three famous nursery states the breeders' investment has been estimated at 51 million dollars, one-third in horses and two-thirds in real estate.

THIS romance of thoroughbred racing is further illustrated by the conditions surrounding a race like the Futurity—note the significance of its name—open only to two-year-olds which were nominated before they were born. Last year's Futurity was worth \$80,540 to the winner. Total prize money to the first four horses was in excess of \$96,000, all but \$25,000 put up by owners of dams on breeding farms.

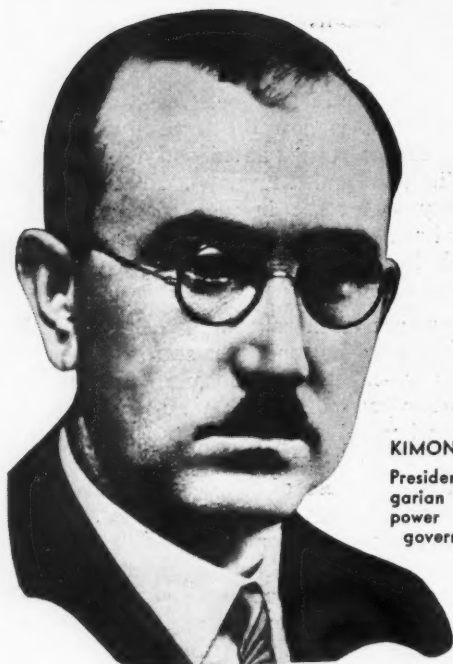
Interest in the horse, as something fine to watch in action, had dwindled in the show ring even earlier than at the race course; and it began to revive earlier, speaking from the standpoint of exhibitors if not from that of attendance. The National Horse Show in New York, with other indoor fall shows at Boston and Chicago, draws the elite in horseflesh and in human society. But the cumulative and popular interest of outdoor spring and summer shows quite exceeds one's first guess.

Polo, maintained as an exercise and a sport by the Army and by squadron units of the National Guard (as well as by some very wealthy horsemen), reached new heights last summer, marked by the accord of highest ranking to several western players. The recent indoor season added still more prestige, and polo enthusiasm at the moment is unbridled.

Hunt clubs and riding clubs lack a suitable barometer with which to measure apathy or interest; but ask any horse lover anywhere whether he rides more or less this year than last!



WHILE THE NUMBER of horses on American farms grew steadily from 1880 to 1910, the chart above shows that the total remained approximately the same from 1910 to 1920, and then began a sharp drop from 1920 to 1930—a decline that has not yet stopped. Farm production, represented by the single black line, increased during much the same period, and began to fall several years ago.



KIMON GUEORGUIEFF
President of the Bulgarian Cabinet and power of the Fascist government in Sofia.

Coup D'Etat in Bulgaria

By ROGER SHAW

LATE IN MAY there took place in Sofia, capital city of Bulgaria, a sudden *coup d'etat* of considerable importance as affecting not only the little Czarism of the Bulgars, but Balkan politics in general. By this sudden political twist, the Balkan "Prussia" was converted from a typical political democracy into a miniature fascist state under the more or less benevolent auspices of the Bulgarian army and its spirited younger officers. Bulgarian domestic affairs had, since the World War, been in a condition at times approaching anarchy; and military disgust with the Bulgarian parliamentary régime reached its climax in the swift bid of the army officers for supreme power in this potentially able Balkan nation.

Christian Bulgaria was virtually freed from the Mohammedan Turks in 1878 by the terms of the famous Treaty of Berlin, and from that time until the World War the progress of the hard-headed and plain-living Bulgars was constant. Education was pushed with a constructive zeal, as were public works and national consolidation. But Bulgaria met defeat at the hands of the other Balkan countries in the second Balkan War of 1913, and again in the world-wide contest that came to a fighting finish in 1918. By the Treaty of Neuilly (1919), the Bulgarians lost territory to Greece and to Yugoslavia, and were deprived of their Aegean sea coast. They were sentenced to pay heavy war reparations, and their army was limited to 20,000 long-term regulars deprived of up-to-date mechanization. Bulgaria had had 500,000 men under arms in the World War. Czar Ferdinand abdicated the Bulgarian throne, and was succeeded by his son Boris, the present monarch. In 1930 this young man married Princess Giovanna, daughter of the king of Italy. The Czarist pair have one daughter.

The Bulgarians are a simple nation of peasant proprietors, without a landed aristocracy, without titles, and largely without a wealthy capitalist class. There has been no feudal background for progressive Bul-

garians to combat, and peasant democracy is instinctively ingrained in the popular temperament. Bulgarians, in race, religion, and economics, are strikingly akin to their cousins, the Serbians, who form the vital nucleus of post-war Yugoslavia. Despite this fact, the Bulgarians and Serbians have always been hostile to one another, Serbians generally getting the "breaks" which the abler Bulgarians seem historically to have more than deserved.

Macedonia, homeland of Alexander the Great, is a troubled bandit country, subdivided among Bulgaria, Yugoslavia, and Greece; and Macedonian revolutionists have long played a disastrous part in Bulgarian domestic politics, by terrorizing Bulgarian officials through violent secret-society methods. The Macedonians desire a unified independence with some sort of Bulgarian connection, and they have done everything in their power to embitter Bulgarian relationships with the neighboring Greeks and Yugoslavs. It has been—for example—as if Germany were indirectly run by Alsatian refugees whose vindictive life-purpose was the liberation of Alsace-Lorraine from France.

The new fascist régime in Bulgaria is anti-Macedonian, and is instead friendly to Yugoslavia, the traditional rival. The Bulgarian coup was hailed with delight by the Yugoslav press. Yugoslavia is an ally of France, and the arch-enemy of Italy; while Bulgaria has of late years been moving in the Italian orbit. It is expected that the new Bulgarian orientation will be toward France and away from Italy, and that Bulgaria, under French influence, will become one more political opponent of the powerful German Nazis. Hitler's only remaining friends in Europe today appear to be Mussolini personally, and certain English and French big business and heavy armament interests.

BULGARIA'S TEMPEST in a teapot has been a typically fascist affair. Neither Czar nor Orthodox church has been tampered with, but parliament is to be reorganized upon occupational lines which will take the place of the old party divisions. Dictatorship and censorship have ousted the former democratic freedom of Bulgaria; and Bulgarian communists—who had carried Sofia in several municipal elections—are being summarily dealt with, despite their numerical strength and fanatical courage. The country has been arbitrarily divided into seven administrative units under sub-dictators, and Bulgarian cities will receive bosses appointed directly from fascist headquarters in Sofia. Municipal elections are things of the past. Thus Bul-



THE NEW Fascist regime in Bulgaria produces a fresh Balkan alignment, favorable to France, dubious for Italy and Germany. Central Europe still prefers the tradition of Bonaparte to that of Lenin.

garia has followed Italy, Germany, Austria, Poland, Hungary, and Yugoslavia by entering the fascist fold. France had her share of embryonic fascism under Napoleon Bonaparte from 1799 until 1815; and Central Europe has unwittingly followed in the footsteps of the great Corsican nationalist since the march on Rome in 1922.

Plucky Bulgaria has approximately 6 million people, and her territory is close to 40,000 square miles following the losses of the World War. Coöperation with Yugoslavia has long been demanded by Bulgarian radicals who sensed the potential importance of a great South Slavic agrarian bloc based on autonomous regionalism. Perhaps the Bulgarian coup is a first faltering step in this direction. At least it is a strong talking point for the Italian theory of the fascist corporative or occupationally organized state, which has been spreading like wildfire while Marxian communism—ideally suited to the Russian and probably the Chinese national characters—has signally failed to move westward despite sensational predictions.

Meanwhile, France, Switzerland, Scandinavia, and His Majesty's Britannic democracy remain liberal in the glorious tradition of the late-lamented nineteenth century. Bulgaria, in her latest evolution, would worry and perplex the prophetic Mr. Karl Marx.

KARL MARX would be equally baffled, were he alive today, to note the recent rapprochement between Soviet Russia and capitalistic France. France has been the most determined opponent of the Union of Socialist Soviet Republics since its formation in 1917, due to the repudiation by the communists of vast debts owed to ruined French investors.

France was without any doubt the bitterest foe of the new red régime in the great Russian Civil War of 1918-1921, and helped to set up a *cordon sanitaire* of lesser capitalistic states—Finland, Estonia, Latvia, Poland, Rumania—in order to confine communism to the wild and woolly Russian steppes. Now the German Nazis, with their putative threat to the European status quo, have brought together the nations of France and Russia despite their mutual economic differences.

Bismarckian Germany, by her policies, brought liberal France and despotic Czarist Russia into an



By Will Dyson, in the London Daily Herald ©

THE GIANT (That Economic Crisis): "Those boys'll kill me yet—with laughing!" The Fascists state that they have seized power in Bulgaria to free the country from the economic crisis. Note that the giant has already pocketed Dollfuss, Hitler and Mussolini and holds their I. O. U's.

unnatural alliance in 1891, and this was perhaps the main contributing factor in bringing to pass the unholy World War of 1914. With the communist coup of November, 1917, in the middle of the war, the French-Russian alliance was brought to an end to the dismay of the high-minded Allies on the western front. Now, after an interval of seventeen long years, France is in virtual alliance with a very different sort of Russia—a Russia both of intelligent purpose and of a most unexpected efficiency.

The Soviets are expected to join the League of Nations in September, in which event they will receive Germany's vacant seat on the League Council. By her entente with bourgeois France, and by her expected adherence to the bourgeois League, it is plain that Russia—under Stalin and his political bureau—has definitely abandoned her plans for world revolution through international propaganda activities. From an international-revolutionary state, Russia has evolved into a national-communist state whose purpose it is to mind its own business economically. Diplomatic recognition by America, and the five-year plans, are in keeping with this new stay-at-home policy which has tended to make the U.S.S.R. highly "respectable" in its external dealings. Russia has become a red bulwark of the post-war status quo in Europe, paradoxically enough. Thus the Russian revolution, at least as affects other nations, has come to a final and perfectly conclusive end.



By Carlisle, in the Des Moines Register

ISN'T THE BLAMED THING EVER GOING TO TAKE OFF?



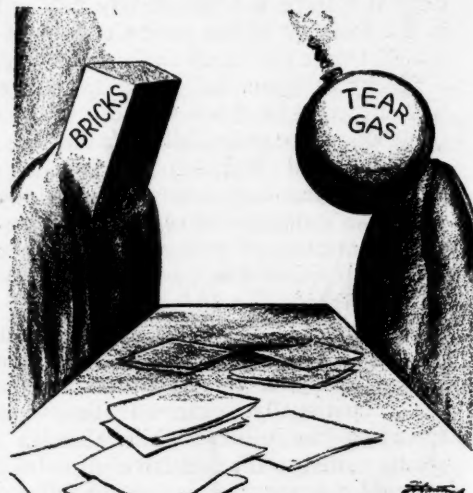
By Doyle, in the New York Post

A MODERN MOSES POINTS TO THE PROMISED LAND



By Talburt, in the New York World-Telegram

CIVILIZATION—IN THE HOLLOW OF HIS HAND



By Fitzpatrick, in the St. Louis Post-Dispatch

HAVE WE NO BETTER ARBITRATORS?



By Kirby, in the New York World-Telegram

DESTROYERS OF HOPE

REVIEW OF REVIEWS and WORLD'S WORK

Chicago Presents an Object Lesson

By ALBERT SHAW

World Fair In Its Second Year

IT IS HEARTENING to witness the spirit of self-help—whether in the affairs of an individual, a family, or a community—as it surmounts difficulties and shows what courage can do, along with clear thinking and vigorous action. To visit Chicago at this time is likely to produce such trains of thought as are suggested in the foregoing sentence. There is a widespread notion in Europe that Chicago is a brokendown place wholly surrendered to racketeers and gunmen, and to cheap politicians who refuse to pay school teachers. In contrast, the stranger who is not looking for mischief discovers on arrival at Chicago a city of magnificence and dignity.

To have offered the world a revised and expanded second-year of that unique exposition entitled "A Century of Progress", was a characteristic decision. To have financed this undertaking at the outset, and to have opened it last year, in accordance with the earlier plans, supplies theme enough for a thrilling story of achievement in the face of difficulties. This story could best be told by Hon. Charles G. Dawes, who would, however, fail to disclose the boldness of his own initiative. No great city in the world presents such splendor of frontage as that which Chicago has created by the simple process of dredging the sands of Lake Michigan, and creating a new area that is now many miles in length and perhaps half a mile in width.

Everybody Should Visit It!

ON THIS NEW LAND, the Exposition extends for fully three and one-half miles, north and south. It has great charm of architecture, of color, and of lighting. It is "modernistic", with effects that are startling, yet wonderfully attractive. It is entertaining, with art displays and with symphonic music altogether praiseworthy, while the lighter forms of amusement have ample variety. But it is a serious exposition; and its great Hall of Science is thronged with visitors young and old before whose eyes there are amazing demonstrations of the results of scientific research, as applied to human welfare, or as contributing to that broadened intelligence that is a veritable rock of salvation for progressive peoples like ours.

The railroads are offering excursions to Chicago from all parts of the country. It should be the nation's Mecca this sum-

mer. The city is a kindly one, with an air of hospitality that a metropolis of different type like New York (through nobody's fault) does not possess. In this periodical two years ago we published many things about Chicago's great Exposition as it was then in preparation, and also as it was functioning last year. We were not reluctant to praise the Fair as a great achievement. But we are even more enthusiastic this year, in advising thoughtful people of alert mind that this exposition is not simply one more set of side shows, but is an immensely stimulating contribution to one's belief in what we have achieved during the past century, as solid foundation for further progress.

Chicago itself is an impressive object lesson. When Abraham Lincoln was a boy, it was a mere straggling village. It had become important when it was the scene of his nomination in 1860. Three-quarters of a century more has given it rank with the world's most substantial and most populous urban centers. With its great park spaces, its two magnificent universities, its various industries, who can foretell the splendor of its next century? There have always been great cities, and many of them—like Rome, Paris, London—persist through the changing centuries. Bagdad, at this moment, is rebuilding; Cairo is an advancing metropolis. The ancient cities of the Far East are not in decline. We shall revive our smaller places, and make better distribution of industry, combining advantages of urban and rural life. But great cities will remain; and Chicago will always be one of them. Undoubtedly we shall find ways to control the obvious danger of overbuilding office structures, hotels, apartment houses, and so on.

Mr. Sloan Looks Ahead

ON MAY 25, an intellectual feat of the first magnitude was performed at Chicago, under the auspices of Mr. Alfred P. Sloan, Jr., President of the General Motors Corporation. Several hundred leaders in science and industry were brought together at the Hall of Progress in the General Motors building on the Exposition grounds, for a so-called "preview of industrial progress in the next century". These were the most authoritative scientists, and leaders of large enterprises, that any country could possibly have brought together in one group.

Mr. Sloan stated that he had called the

meeting to face frankly an opinion somewhat current to the effect that "progress has ceased, that we must live by dividing up available jobs, and must accept a lower standard of living". On his part, he believed that we could go forward, reach higher standards, and broaden the activities of industry by the developments of science and research.

These are views that we have endeavored, through several years, to urge as prominently as possible in this periodical, and we are deeply gratified by the wealth of information brought to Mr. Sloan's gathering, and also by the calm, unshaken confidence in the future which was presented by men of knowledge and of imagination. The reports of that meeting contain material of wide value, relating to numerous fields of inquiry, to which we shall refer on many occasions in the future. Optimism, on a solid basis, is worth while; and Mr. Sloan's meeting actually sent a wave of courage and good cheer throughout the country.

Mr. Ford's Notable Achievements

ONE VAGUELY remembers that sometime within the last year General Hugh Johnson seemed to be disturbed about the reaction of Mr. Henry Ford to the spirit and the letter of that law known as the National Industrial Recovery Act. It seems that Mr. Ford was resting and communing with nature somewhere in the wholesome forest wilderness of the Northwest. He had thought himself in full accord with the standards required, in as much as he had been known as the pioneer employer in attempts to demonstrate the value of high wages, short hours, and improved environment.

If there was some misunderstanding, General Johnson has long ago ceased to refer to it, and perhaps Mr. Ford was not personally involved. He has always liked to pursue his own course, and the country has felt that he had earned the right to make vital decisions affecting his own industry. What he has achieved as a manufacturer of automobiles for various purposes is a part of the story of our national economic transformation.

As a social philosopher and a thinker in the sphere of education, Mr. Ford's influence has been felt in actual results, quite beyond any claims that have been made for him. A recent inspection of two of his achievements, each of them a striking object lesson, enhances one's respect for Mr. Ford's conception of the

nature of our progress in the years to come. On the campus of a southern school in the Appalachian foothills, where boys and girls from the mountains are trained to work, to think, and to live on the levels of high character and usefulness as citizens, Mr. and Mrs. Ford have placed the stamp of their approval by a contribution of noble buildings. These are admirably suited not only for educational needs in the practical sense, but for the inspiration of successive groups of students who can be benefited by visions of beauty and dignity, while they make their way by labor in the kitchen, in the fields, or in the shops.

The other object lesson is presented by the new buildings and exhibits of the Ford Motor Company on the grounds of

the Chicago Exposition. Here one learns of the progress of transportation, and of the processes by which raw materials are converted into the finished product—a 1934 model passenger car. Outside of the buildings, the Ford exhibit includes an elliptical roadway, made up, in short successive lengths, of specimens of the famous roads of ancient and modern times in many countries. The visitor rides over this composite highway, with interest the more intense if he has traveled to good purpose, or if he has studied the history of civilization. This, like some other exhibits at Chicago, is a remarkable detail of what, in its entirety, is a summer school for adults or for the rising generation that could hardly be equaled anywhere else in the world.

Labor Becomes Militant

Collective Bargaining "Rights"

WE ARE publishing an article on strikes, as they have prevailed throughout the country. Most of them have been fomented by labor leaders, in pursuance of their own aims, with no questions at stake that related to wages, hours, or conditions. Broadly speaking, there is no sound public opinion back of the extraordinary aggressiveness of the American Federation.

"Collective bargaining" on the part of employees cannot properly be called a "right", unless one reduces the claim to absurdity by admitting the precisely equal "right" of employers to prefer other methods. But "collective bargaining" in large industries is a reasonable and a convenient thing, and it was long ago accepted as a general practice. It is not "collective bargaining", however, that the American Federation is working for, but rather for its own expansion. It is demanding its own form of unionism, that rests upon the principle of monopoly and the practice of terrorism. The steel industry, like the automobile industry, is willing to do business with its own employees "collectively," on terms of perfect fairness.

These allusions are made in no spirit of hostility whatsoever towards the individual trade unions, many of them of ancient lineage, with last-century traditions. They were brought together subsequently in a loose and tentative league, which assumed the present important title of "American Federation of Labor." Each of these older unions runs its own affairs with full independence, and would resent any interference on the part of the officials of the Federation.

American Federation Activities

THE PRINCIPAL business of the Federation itself has taken form in two directions, both of them highly aggressive, and also of public importance in no slight degree.

One of these forms is political. It deals with legislation and politics, especially at Washington, but also in the several states and many cities.

The other form of activity is that of specific, concrete work in the labor field, to form new unions and to bring them under the wing of the Federation. The old unions were of crafts, like printers, cigar-makers, bricklayers, etc. The new unions are to a great extent composed of employees in a given industry, or at a given place, regardless of the kind of work they do. The typographical union is made up of highly skilled craftsmen. The union of paper handlers, composed of casual laborers who happen to be employed to shove heavy rolls of print paper through basement windows, is of exactly opposite character. A union of truck drivers is not occupational, but rather for local coercive purposes; because every man and boy in the United States of average physical strength could drive a truck if he had no other job, precisely as any man or boy a hundred years ago could drive a team of horses.

The steel industry employs people who do a great many different kinds of work. It has dealt with its own labor problems in recent years with substantial success. It happens that the American Federation of Labor is out on a desperate campaign not chiefly to give wage earners the benefit of "collective bargaining" (which they already possess in almost every industry) but rather to bring all unionism into a mass movement under Federation control. No one could object to the normal, voluntary growth of unionism, whether of one type or another. But the organizers of the Federation are by no means social dreamers, inspired by the vision of men emancipated from wage-slavery, and from the domination of greedy capital. Where could one find an employer as "hard-boiled" or as "brow-beating" as these salaried labor agents and propagandists? "Labor" has now become the Government's own protégé.

A Well-Filled War Chest

CERTAINLY the missionary in this field of propaganda is not without his reward. The non-affiliated unions do not pay dues, in the "check-off" manner. The unionist proponents demand that all employers hold back union dues from pay envelopes, and turn the monthly sums over to collectors or officers of the labor organizations. The present year will see perhaps two or three million new members signed up by this profitable type of unionism. It may be assumed that each million new members adds from ten million to fifteen million dollars per annum to the funds in the union treasuries. Strike situations are created in many places, where contented workmen are forced into these new unions through fear either of losing jobs or of being blackjacked.

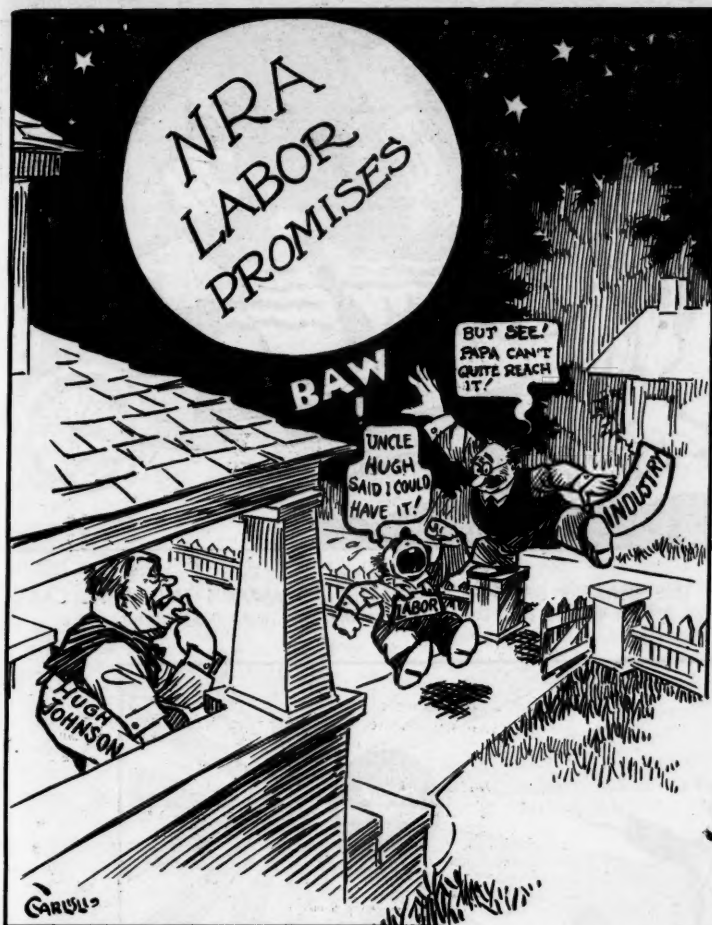
When the present Secretary of Labor was appointed, the high officials of the American Federation, demanding control of that public office, declared that they would never change their attitude of relentless hostility towards the selection of Miss Frances Perkins. They were conciliated in due time by the appointment of their own ablest official (in relation to measures pending in Congress) as Assistant Secretary. We have no fault to find with him, nor have we any feeling towards Mr. William Green or his associates that tempers even slightly our high personal regard.

The force behind these chief officials comes from hundreds, perhaps thousands, of salaried workers in this labor propaganda. Mr. Green, and the other men at the top, are reasonable; they do not like the violence of needless strikes; but they have no real control over the movement that they have initiated.

Meanwhile, for every member enlisted in the ranks of this type of unionism—still better for every large body of men (as in steel or automobiles) who can be swung into affiliation—headquarters at Washington receives its small but regular monthly per capita due; and this, on the basis of a prospective membership of five millions, would amount almost certainly to more than half a million dollars a year, with total dues fully a hundred times as great a sum.

A Most Powerful Lobby

WHAT OTHER organization, represented at Washington, is better able to pay its way, and use patience and trained skill in dealing with Congressmen and officials of the Administration, than is the American Federation of Labor? We do not call the United States Chamber of Commerce a corrupt lobby agency; neither do we use any language of this kind, whether openly or by way of mental reservation, when we are dealing with the activities of the American Federation. We simply think that its relations with the Government should be frankly and openly disclosed, and that there should be no concealment whatsoever about its wider activities in



By Carlisle, in the Des Moines Register

LED TO EXPECT TOO MUCH



By Talburt, in the New York World-Telegram

OPEN FOR BUSINESS!



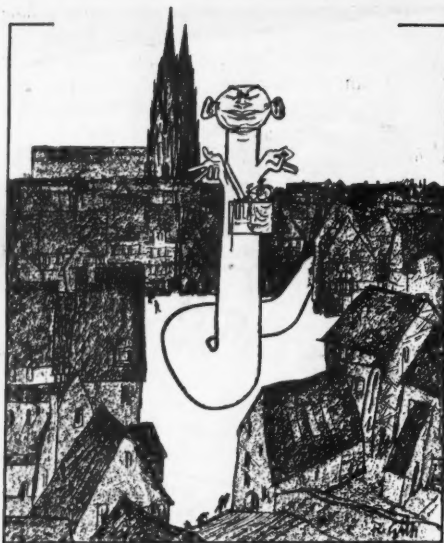
By Kirby, in the New York World-Telegram

THE NEW COP ON THE BEAT



By Orr, in the Chicago Tribune ©

"WONDER WHAT'S GOING TO HAPPEN WHEN THE MONEY RUNS OUT?"



From Nebelspalter (Zurich, Switzerland)

JAPAN IS AT THE GATES
Trade menace to the Swiss people!



From De Notenkraker (Amsterdam, Holland)

THE CHINESE DRAGON HARNESSSED TO JAPAN'S TRIUMPHAL CAR
Europe sees Uncle Sam as the most anxious spectator.

The Rising Tide of Protest Against Japanese Competition in World Markets

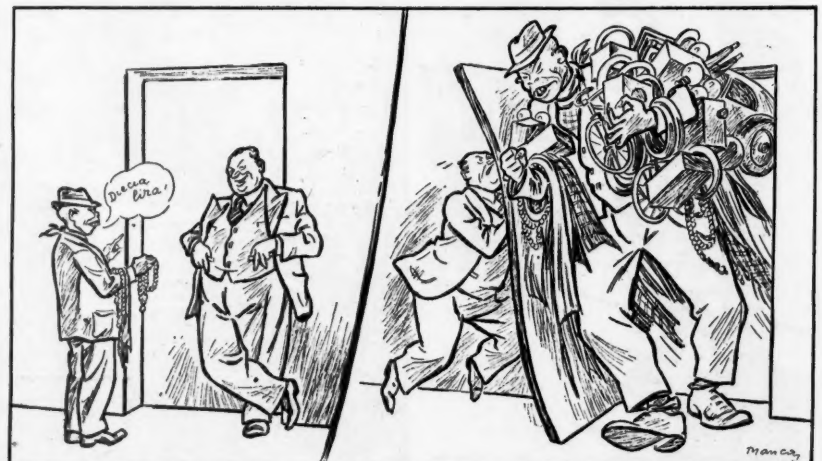
JOHN 'BULL: "Since you're so keen on spectacular effects, just take a look at this."

From the Glasgow (Scotland) Record



From Leningradskaya Pravda (Leningrad, Russia)

Japan chokes the Peace Angel in China.



From Guerin Meschino (Milan, Italy)

"THE YELLOW PERIL started with penny trades from door to door—now it is trade in millions knocking down the door!"

the general field of labor organization.

We are not asking to have it investigated by the United States Senate, as to the use of its enormous funds, any more than we are asking to have one business organization or another investigated when it chooses to seek ways to submit its points of view to the verdict of public opinion.

General Johnson and the NRA have certainly gone as far as they could in seeking industrial peace through an unyielding demand for acceptance of the principle of "collective bargaining" on the part of industrial employers. General Johnson may at times seem arbitrary; but a mild, amiable man would have broken down long ago under pressure of that job. Certainly fair-minded people, interested in the welfare of wage-earners, can trust President Roosevelt, and may be sure that General Johnson will not betray the labor cause in any aspect of its genuine interests.

The steel industry, through the leaders of the Iron and Steel Institute, accepted in early June the proposals of the Administration, offered in the endeavor to avert a threatened strike. The labor leaders rejected these proposals. Such a strike would be gravely damaging to every legitimate interest in the country, and especially to wage earners. In our opinion, the American Federation would have to answer before the tribunal of public opinion, if a strike were not averted. The Federation would seem to have fallen under certain delusions, and to have become the victim of its own unlimited ambitions. In the long run it can succeed only through demonstrated usefulness.

This is not a country of classes. We have few people who are not hard workers; and the ownership of big business is so widely distributed that in most cases the stockholders are more numerous than the employees. In millions of instances the employees themselves are also shareholders. We shall not get on by creating false issues between employers and employees. Everybody who buys a loaf of bread is an employer; every doctor who serves a patient is an employee. Every one of us is benefited by the welfare of everybody else.

Insurance and Thrift

LET US CALL especial attention to the article in our present number on the splendid thrift the American people are now illustrating through their practical acceptance of the principles of insurance. Essentially, we have a harmonious country, with basic confidence in education and social refinement. Our people instinctively reject the idea that extravagance, rather than thrift, can somehow bring us into a new era of prosperity. Scores of millions of our fellow-workers are also capitalists, in so far as they invest their savings in insurance policies.

The Government is planning to present next winter some programs for in-

surance against old-age, poverty, and unemployment. But it is to be borne in mind that our great insurance companies have already gone farther in their widespread work as quasi-public institutions than governments in other countries. It is to be expected that the Government will rely greatly upon the experience of these companies, and upon their vast resources of information, both technical and general, before giving final shape to its own proposals.

Keep Schools Out of Politics!

WHAT THE PRESENT writer likes to call the "federative balance" is a hard thing to overcome. Our system is elastic enough to add new functions and new burdens to the federal government, as one matter after another assumes interstate character, without leaving the states deprived of ample opportunity to exert themselves within their own spheres for the best interests of their people.

One topic illustrative of this "federative balance" is presented to our readers in the present number by Dr. John J. Tigert, formerly Commissioner of Education at Washington and now President of the University of Florida. This is an institution that has made remarkable advancement under his leadership, and that supplies both the scientific research and also the every-day popular guidance needed for the agricultural transformation of that unique state, besides the training of new leadership for state and local government, and for professional and business life.

Dr. Tigert is a nationalist by past experience, rather than a narrow-minded exponent of the rights and prerogatives of the separate states. He realizes that our citizens are, at the same time, in control of national and local instruments of government, and can use the one or the other as may best suit the occasion. But in the face of certain tendencies, this experienced leader makes a convincing argument for the permanent control and support of public education by the states themselves. He is not criticizing emergency aid for schools on the part of the federal government; but he warns us against allowing temporary measures to drift along, beyond the transient need. Control of popular education from Washington is not to be desired, in Dr. Tigert's opinion; but control is likely to follow subsidies.

When one finds the salaries of teachers almost a year in arrears in some great centers of population, it is easy to see how urgent may become the cumulative appeal for federal aid, in order to prevent any serious breakdown in the business of training all the children of the country for intelligent citizenship and effi-

cient participation in the social and economic life of their communities. But the educational leaders of the country can maintain standards in their own states, where the problems of education, whether for children or adults, should find local solutions.

Silver in High Place

AS REGARDS the distribution of functions, we have in this periodical held steadily to the view that banking, like money, should be on a national basis. Merely to substitute national bank charters for state charters would not answer all the questions involved in the establishment of a sound system. But it would form one valuable step.

Last year the Roosevelt administration was primarily concerned with issues of banking, money, and public finance. Progress has been made, but much remains to be done. The Government owns gold, but withholds it from use, except for purposes of accounting in the settlement of foreign trade balances. We circulate gold certificates, but at the present they are not redeemable in gold. We have silver certificates outstanding, but silver dollars are not in circulation.

After long controversy at Washington, the pending silver bill was passed by the Senate, on June 11, the vote being 54 to 25. This was the bill that had already been passed by the House, with acceptance on the part of President Roosevelt and Secretary Morgenthau. Six Democratic Senators, including the two from New York and Mr. Glass of Virginia, voted against the bill. The regular Republicans opposed it, while the so-called "Progressives" supported it.

The Treasury is directed to buy silver, with the objective of a reserve of that metal equal to one-third of the Government stock of gold. Silver certificates are to be issued, redeemable in standard silver dollars at the discretion of the Treasury. All stocks of silver in private hands are subject to the President's order, to prevent hoarding. This measure has not represented a definite public sentiment. It is accepted as a compromise detail, in view of the fact that a demand for some sort of inflation has been wide-

Uncle Sam's Varied Role

spread. The silver measure involves no dangerous inflation. The President had preferred the slower processes of international silver agreement; but he is a good trader, and he accepts the present bill, whereas he would have vetoed the Patman measure, providing for the immediate payment of the soldiers' bonus certificates with irredeemable paper money.

Drought in the West

EXCEPT FOR THE President himself, no new figure at the Capital is more thoroughly liked and respected than Henry Wallace, who is Professor Tugwell's superior. His father was Secretary of Agriculture, and his grandfather was the leading light of the Country Life Commission, appointed by President Theodore Roosevelt to survey the rural problem of America in all its aspects. This third Henry, maintaining the agricultural editorship at Des Moines that was founded by his grandfather, has the simplicity and the frankness that one finds as a rule in those competent men who do not have to make pretences.

Last month Mr. Wallace was making the best possible use of his time in traveling through a number of western states, to learn for himself by personal observation the extent and the consequences of the devastating drought. It was proposed at Washington to provide a fund of \$525,000,000 for drought relief. There was an immediate condition of distress in ten states that was met by the alert Relief Administrator, Harry L. Hopkins, who began early in June to distribute more than \$5,000,000 to aid farm families and feed livestock, while the Agriculture Department was entering upon the policy of buying cattle on a large scale, where feed and water were lacking.

The drought area included North and South Dakota, with parts of adjacent states, as the region most severely affected. But most of the country from Chicago to California was suffering a shortage of rainfall that had persisted through many months. Early crops, especially wheat, oats, hay and pasturage, were either destroyed or were far below the average. On June 9 President Roosevelt sent a special drought message to Congress, explaining the need of assistance on a large scale. In a number of states the livestock industries were involved in the principal losses; while the wheat crop, especially in the Southwest, was greatly curtailed.

Emergency Becomes Opportunity

IN THIS emergency the AAA (Agricultural Adjustment Administration) has won credit for itself. We have the President's assurance that the half-billion dollars asked for would be expended only as absolutely necessary. The tentative program goes far beyond anything ever undertaken in like circumstances, and we shall follow its execution with unusual

interest. It is proposed to associate emergency relief in these western states with the purchase of sub-marginal farms, the relocating of destitute farm families, and the extensive provision of work camps to afford employment for young men, especially those of the cities and towns most affected by the agricultural disaster. A good many farms have been literally blown away in dust storms; and the task that the Government proposes to perform will have historic significance, if carried through to a successful conclusion.

Several years ago, a drought of extreme severity affected our eastern farmers, including those of New York, Pennsylvania, New Jersey, Maryland, and Virginia; with Ohio and Kentucky affected, though not so disastrously. A larger number of farm families may have been concerned in the losses caused by that eastern drought than are affected by the present one in the West. But conditions were far less tragic on many accounts. Red Cross and other agencies supplied some assistance at that time, and animal food was brought to the eastern farms from Nebraska and other states beyond the Missouri River.

Sometimes farmers in the West forget that rural life in the eastern states is closer to the poverty line, and that there are more farm families in Virginia and Maryland alone than in a great rural state like Missouri or Kansas. As for the farming people of Pennsylvania, New York and New England, they are the representatives of a surviving agriculture that is essential to the well-being of the United States.

Where Mistakes Were Made

THE CHIEF mistake of the New Deal, in its agricultural policies, has consisted in its attempt to deal with specific commodities rather than with farming itself as carried on in the several states. If wheat was to be restricted on an acreage plan, the rule should have been applied solely to the new areas that flood the country with a vexatious surplus. To reduce the acreage of wheat in Pennsylvania, where it is produced in a scientific rotation of crops in less quantity than is needed by local markets, was worse than a blunder. It was an evidence of complete lack of mental grasp in official circles. Going farther back, our almost fatal blunder lay in our failure to control the development and use of new Government lands.

It is seriously questionable whether we are not permanently injuring the South by methods we have employed successively to boost the price of cotton. Other countries have looked on with pleasurable surprise, as they have increased cotton acreage in the Sudan, Egypt, India, China, Russia, and elsewhere. Cotton was the one agricultural product for which we had reason to expect very large and permanent foreign markets. It is the South itself, and not

Secretary Wallace, that is responsible for our restrictive measures as regards cotton; and in this matter—as in most others—it is never too late to mend.

The attempt of the Government to restrict the production of milk constitutes perhaps the worst fiasco of the AAA. Pennsylvania, New York and New England, with other eastern states, should subsidize their own dairy farmers. They should aid cities and towns to double the consumption of milk, by seeing that all children are amply supplied at school, and that all families have a fair *per diem* quantity at an inviting price, with free milk for infants.

Regulation of Business

REGARDLESS of the exact balance between its merits and its defects, it was a genuine achievement to pass the Stock Exchange Control bill in a form approved by the President. It was not written by members of either house of Congress, but is attributed in its main features to a group of men working with James M. Landis of the Federal Trade Commission as the master mind. Committees of both houses threshed it over, but from the beginning it was regarded as an Administration bill. The New York Stock Exchange has gradually learned that the motive behind this measure was not punitive, or even disagreeable. The real purpose was to temper the excesses of speculation, to protect investors, and to strengthen the hands of trustworthy dealers and brokers. Wall Street will give it a fair trial, in the hope that it may not prove disastrous while its provisions are under appraisal.

The attempt of the NRA to regulate small local activities was a failure and has been abandoned. Neither can it now employ the licensing principle, with which it once threatened to close down some of the foremost industries of America. It seems also to have abandoned the attempt to go hand in hand with the American Federation of Labor in bullying open-shop industries. Tyranny, in this country, cannot survive the American sense of humor. When one poor little chap was thrown into jail for charging thirty-five cents instead of forty cents for pressing a pair of trousers, the laughter of the country drove the NRA completely off the stage.

It is to be hoped that the oil industry, the coal industry, and a number of other large national enterprises may continue to find it beneficial to maintain their codes, and may also find the Government intelligent and useful in helping them to eliminate wasteful competition. The Darrow Review Board was set up by the Government itself; and its strictures upon General Johnson's so-called "military dictatorship" form a part of the barrage of criticism that could not have been avoided. The NRA will stand on its merits, and these are of undoubted importance, though changes are coming.

• • The March of Events • •

NRA Under Change

Criticism and experience combine to effect repairs while work goes on as usual.

THE NATIONAL Recovery Board of Review report upon NRA is made public by President Roosevelt (May 20). Under Clarence Darrow, chairman, the board declares that the Act and its administration have given rise to "the anomaly of monopolistic combinations expected to enforce against themselves a law [another law] to prevent monopoly." Inevitably the new situation "means control by the largest producers. . . . There is no hope for the small business man."

HOURS of work in the cotton-textile industry are ordered reduced by the National Recovery Administrator (May 22) by 25 per cent, without shutdown, for 12 weeks beginning June 4. A four-weeks excess supply has accumulated since the December curtailment order.

SERVICE industries—cleaners, barbers, etc.—are exempted from further adherence to codes by order of the President (May 27), the first major change in NRA policy. Provisions governing child labor, maximum hours and minimum pay, remain in effect; but trade-practice agreements are suspended except where 85 per cent of the members in a particular locality wish to comply.

A U. S. District Court Judge at Wilmington, Delaware, John P. Nields, refuses (May 29) the Government's petition for a preliminary injunction (pending trial) restraining the Weirton Steel Company from alleged violation of the labor section of the code of fair competition for the steel industry. The implication is that the judge believes that the Government may lose its case.

A REVISED code for the steel industry is signed by the President (May 30), to take effect June 11. Changes were made to meet complaints and criticism, and to improve its workability. Labor under the steel code shows an average work-week of 34.4 hours in April, 1934, and 39.7 hours in June, 1933; average earnings per hour 71.4 cents as against 53 cents.

THE National Recovery Administration abandons in large part (June 7) the attempt to fix prices under the codes.

A REPORT of the National Labor Board (June 10) shows 3755 grievances handled by nineteen regional boards, with 3061 settlements. The boards mediated 1323 strikes, three-fourths of which were settled.

A SECOND report from the Darrow committee (June 11), criticizes changes

made in certain codes by Administrator Hugh S. Johnson as arbitrary, sinister, and establishing rule by "the military commander" which is wholly unsuited to the American people.

No Money for War Debts!

Britain abandons even token payments to Uncle Sam, while France decides to pay no more than the usual nothing.

THE Department of State sends reminders to debtor nations (May 25) of payments due. In the case of Great Britain 66 millions are still owing as of June 15, 1933; 110 millions as of December 15, 1933; and 85 millions as of June 15, 1934.

PRESIDENT Roosevelt sends a special message to Congress (June 1) on the subject of war debts. He reviews the situation since the Hoover moratorium, and suggests that "the American people are certain to be swayed by the use which debtor countries make of their available resources, . . . for purposes of unproductive expenditure."

GREAT BRITAIN declares (June 4) that it will suspend further war-debt payments to the United States "until it becomes possible to discuss an ultimate settlement of intergovernmental war debts with a reasonable prospect of agreement." Token payments, such as were received in lieu of last two payments due, are deemed not to be permitted under the Johnson law passed by Congress. The note mentions that Britain to date has paid three times as much as other governments combined, though owing less.

A REPLY from the State Department at Washington (June 12) to Britain's war debt note states that Britain does not need to pay past-due installments now. It suggests that any proposal for scaling-down the debt must come from the debtor. "For instance, no proposal has ever been presented to this government looking toward payments in kind."

FRANCE notifies the United States (June 12) that the debt payment due June 15 will not be made, continuing a default policy begun in December, 1932.

A Political Season

President Roosevelt's mid-term elections come in November; and the political pot has begun to boil.

PENNSYLVANIA's Republican primary for the Senate (May 15) is carried by David A. Reed, incumbent, who defeats Governor Pinchot. The Democratic contest is won by Joseph F. Guffey, who defeats Roland S. Morris.

NEW JERSEY primaries (May 15) result in the renomination of U. S. Senator Hamilton F. Kean, Republican, and the choice of Governor A. Harry Moore to oppose him on the Democratic ticket. For Governor: Harold G. Hoffman, Republican; William L. Dill, Democrat.

OREGON primaries (May 18) result in the choice of Congressman Charles H. Martin, Democrat, and State Senator Joe E. Dunne, Republican, for Governor.

WISCONSIN's Senator Robert M. La Follette decides (May 19) to seek reelection under a third party—the Progressive party—rather than as a Republican. He will endorse the Democratic administration at Washington but fight that party on state issues.

SOCIALISTS, in national convention at Detroit, vote into their party's constitution (June 2) a requirement demanded by left-wing militants, that applicants for membership must recognize the existence of a class struggle in the United States.

INDIANA Republicans in convention renominate Arthur R. Robinson for the U. S. Senate (June 5). The Democrats, one week later, choose Sherman Minton, New Albany lawyer, to oppose him.

THE Republican National Committee, meeting at Chicago, selects Henry P. Fletcher as chairman in preparation for the 1936 campaign (June 6). Mr. Fletcher has a long and distinguished record in the diplomatic service and the State Department.

IOWA primaries for Governor (June 4) result in the choice of Clyde L. Herring, Democrat, and Dan Turner, Republican. Herring is the present Governor, Turner his predecessor.

The Resort to Strikes

A sign of returning confidence is the frequency with which Labor resorts to its big stick. (See page 30.)

TWO DAYS of rioting that characterize a truck-drivers' strike in Minneapolis brings out four regiments of the National Guard, mobilized and under arms but not actually on duty (May 23).

TOLEDO strike rioters are fired on by troops of the National Guard (May 24), and two are killed. A gas barrage had failed to check an assault upon the plant of the Electric Auto-Lite Company that was accompanied by a rain of bricks, stones, and bottles. The strike is in its seventh week.

MINNEAPOLIS trucking is resumed (May 26) as the result of a peace agreement
Continued on page 59



ONE of the fifty new subsistence homesteads in the Arthurdale project near Reedsville, West Virginia. Mrs. Roosevelt has shown great interest in the homestead idea since its inception. Work was begun at Reedsville but ten months ago.

Wedlock for Town and Country

THE Subsistence Homestead projects endeavor to give the city worker the advantage of living on the land and the farmer the benefits of decentralized industry. The question is: Will the plan work?

HENRY FORD once was showing a visitor about the tremendous River Rouge plant in Detroit. River Rouge symbolizes the machine age in efficiency, mass and power. The visitor was much impressed. But Mr. Ford never has been.

"Come back in ten years," said Henry, "You will find it much smaller. The work it is doing may be done in hundreds of small plants scattered up and down the country."

Henry Ford and the New Deal have locked horns more than once. But one thing on whose value they both agree is the garden homestead for the worker. Henry was hammering on the idea long before the New Deal was born. It is a back-to-the-land program for making the urban worker safer from the ups and downs of big business. The worker lives on a plot of land, grows part of his own food, lives under his own roof, and hoes his own corn and beans. He is totally dependent for sustenance on neither factory nor land.

A year ago \$25,000,000 was set aside under the terms of the National Industrial Recovery Act to try out the new idea and see if it would work. It was part of President Roosevelt's policy of "bold experimentation."

The primary aim has been to relieve industrial workers of complete dependence on factory work and certain types of farmers from complete reliance on

their acres. Decentralization of industry is proposed where economically possible. One aim of the program is the redistribution of surplus populations, families left in the lurch by shutdowns or changes in industries. It is hoped that increased technological unemployment and economic uncertainty will be partially offset by garden homes.

It is too early as yet to judge as to the success or failure of the program. Actual work is just now getting under way, although the Subsistence Homesteads Division of the Department of the Interior has been on the job for some months. Officials have been bombarded with applications to the tune of four billion dollars—with only twenty-five million to be parcelled out. Politicians have not been asleep on their feet. The back-to-the-land movement is not really new and in the past such movements have often failed because of political paternalism and chicanery. The responsible officials today intend to go slow.

Several types of subsistence projects have been established, embracing widely differing communities, locations, soil conditions, proximity to industry, and other conditions. No one plan is expected to fit all situations. These types are:

1. Garden homesteads near small industrial centers. It is hoped that cash will be furnished through local industry in sufficient amount to give the workers staple food, clothing, equipment for

house and garden. The workers will not raise vegetables or fruits for other than their own consumption.

2. Garden homesteads for workers near large industrial centers, usually of heavy industries not likely to decentralize. It is not feasible, for example, to break up the various operations of a steel plant. A project is being established near Youngstown, Ohio, which will answer future questions about this type of development. The parcels of land are not large.

3. There are a number of projects for stranded industrial groups. For example near Reedsville, West Virginia, there is the Arthurdale homestead to rehabilitate miners in districts which may never be on full time again due to changes in the industry. The aim is to put these people on farms where they can at least have decent food and lodging. In Monmouth County, New Jersey, a community is being established for two hundred families of Jewish needle workers from nearby cities.

4. A number of projects have been begun which endeavor to eliminate rural slums on lands which are submarginal. On these, farmers cannot possibly compete with their more fortunate brothers on soil which grows crops as well as ragweed and scrub oaks. There are projects of this type in Georgia, North Carolina and Wisconsin. The land plots are substantial.



THE COMMUNITY HOUSE. The Reedsville project is typical of the various subsistence homestead projects. All the needs of the colony are to be met within its own borders; schools, churches, self-government and recreational facilities are provided.

5. Farmers squeezed out of their own land by hard times have been quick to squat on abandoned farms whose owners have given up the ghost. These people will be urged to try their luck on smaller, coöperative projects, with good soil and the benefit of some cash income through handicrafts or other cash work. Over 80,000 acres of high quality land have been obtained on option for such use, and the abandoned land will be reforested.

The plain purpose of the subsistence homestead program is not to put families on relief roles but to take them off. The \$25,000,000 appropriated should indicate whether decentralization hopes are possible in this rapidly changing world. In the past similar experiments have failed, largely because of political maladministration and because the people selected were unfit. Every effort is being made today to select those persons who have a preference for farming and are temperamentally inclined toward gardening. Obviously, people who are lazy and shiftless in town will be so in the country.

The colonists may choose the location of their plots in a homestead unit and the type of house they want. The property is usually purchased over a ten to twenty year period with a moderate down payment. Sometimes this can be partially worked out in community work. In most cases there is a compact group forming a definite colony with its own local government, schools, community center, church, water supply, road system, and the like.

The average cost of a plot of land is from \$1500 to \$2000. The various homestead units are incorporated and are loaned money by the federal government to begin operations. The homestead unit repays the money to the government from that turned in by individuals over a period of fifteen years, with interest. The individual homesteader has a pass-

book in which his "deposits" or "checks" for work done for the community are entered. Loans may be made to homesteaders for housing materials, well digging, plumbing and heating, sewing machines, agricultural implements, livestock, seeds, plants, trees and the like. Most build their own homes, with help from neighbors.

In all instances there is a definite effort to provide some sort of cash-producing work. About a third of all the farmers of the country have some extra work at present, such as road work and construction.

Monthly payments on the property must be kept up and necessities must be bought. Not always is employment to be had in nearby cities. Development of handicrafts has been begun in rural areas, though it is realized that such efforts are necessarily limited. It is hardly to be expected, for example, that two hundred and fifty thousand stranded soft-coal miners can all be put to work manufacturing furniture, baskets or homespun textiles. But it is hoped that certain smaller industries can be economically operated with part-time workers, such as crop-processing and canning plants, woodworking, lumbering, sugar refining and construction work.

SPONSORS have been vigorous in their denials that the new homesteaders would make it still harder for the nation's farmers. It is pointed out that while the average homesteader will raise his own green stuffs, potatoes and whatnot, he will nevertheless need such staples as wheat, sugar and cotton. Where homestead units are in localities producing one main crop, the products will be non-competitive.

Previous back-to-the-land experiments in this country, such as Brook Farm, have not been very successful. They usually have lasted one or two years and then have foundered. A

more comparable example may be found in the back-to-the-land movement in Germany. Faced with a food shortage and exhaustion of resources after the war, Germany adopted a vigorous land settlement policy long before other countries were rubbing their first depression bruises. Two types of projects were followed. One was strictly rural in character, the other involved workers' garden plots in the suburbs.

In some cases they succeeded admirably; in others they failed. The reasons for most of the failures in Germany and elsewhere are simple ones: paternalism, lack of farming experience, and unwillingness to perform prosaic tasks. Australia and New Zealand have also experimented. Sweden has a definite program of small land holdings for industrial workers.

At this writing the subsistence homesteads are mere infants. The Reedsville project, one of the earliest, will not be complete until next autumn. Others are in various stages of formation. In every case there has been an effort to enlist local sympathy, aid and guidance.

It is impossible to predict what the subsistence homestead movement will amount to in our national economy. One thing is certain: the \$25,000,000 provided under the NIRA will serve only for experimental purposes. M. L. Wilson, director of the Subsistence Homesteads Division, is not a man to prognosticate.

Aware of the experimental character of the whole program, he refuses to be discouraged by a host of other factors which may affect the plan. Economic problems of international scope, such as dumping, tariff regulations, quotas, foreign exchange—all of which may affect the nation's citizens and his own program adversely—may bother Mr. Wilson, but he doesn't show it. He says cheerfully: "It is remarkable what the combination of a family, good sense, and a piece of good land can accomplish."

GENERAL BUSINESS INDICES

FINANCIAL

	MAY, 1934		APRIL, 1934		MARCH, 1934		MAY, 1933		MAY, 1932	
	Data	Index	Data	Index	Data	Index	Data	Index	Data	Index
Bond Sales—N. Y. Stock Exch.....	\$284,700,000	103	\$362,200,000	110	\$319,700,000	99	\$374,200,000	135	\$257,500,000	93
Stock Sales—N. Y. Stock Exch. (num- ber of shares).....	25,336,000	25	29,847,000	30	29,916,000	30	104,210,000	104	23,000,000	23
Corp. Div. and Int. Payments.....	Not available		\$576,940,000	84	\$406,867,000	75	\$428,000,000	88	\$494,000,000	101
New Corporate Security Issues.....	\$28,823,000	4	\$28,240,000	5	\$13,770,000	2	\$3,580,000	1	\$22,000,000	3
Money Rates in New York City.....	.96%	21	.98%	21	1.00%	22	1.15%	25	2.10%	45
Bank Debits in New York City.....	\$14,653,000,000	48	\$16,954,000,000	56	\$15,608,000,000	48	\$13,977,000,000	53	\$12,913,000,000	46
Rate of Circulation of Bank Deposits in New York City.....	2.21	44	2.55	51	2.44	45	2.24	44	2.40	47
Index of FINANCIAL ACTIVITY	3.16		39.5		36.2		56.7		42.0	

DISTRIBUTION

Magazine Advertising (Agate Lines)	2,770,000	69	2,683,000	66	2,198,000	61	1,921,000	48	1,776,000	63
Newspaper Advertising (Lines)†.....	112,122,000	68	107,491,000	66	103,648,000	65	94,649,000	58	106,004,000	65
Foreign Trade	Not available		\$320,000,000	61	\$343,000,000	63	\$218,800,000	48	\$244,000,000	56
Merchandise Carloadings (Weekly Average)	407,000	70	403,000	69	387,000	69	366,000	63	376,500	64
Department Store Sales (Federal Reserve Index)	75	79	*77	80	77	81	68	79	73	83
Bank Debits Outside N. Y. City.....	\$14,105,000,000	58	14,278,000,000	61	\$14,077,000,000	58	\$11,508,000,000	56	\$12,498,000,000	62
Rate of Circulation of Bank Deposits Outside New York City.....	1.46	81	1.43	78	1.44	76	1.32	73	1.07	59
Index of DISTRIBUTION	71.5		*69.8		69.2		66.2		65.3	

PRODUCTION

Steel Ingot Production (Capacity) ..	58.06%	74	54.19%	66	47.81%	54	34.11%	44	20%	26
Pig Iron Production (Average Daily Tons)	65,900	71	*57,561	60	52,243	54	28,600	31	25,300	26
Domestic Cotton Consumption (Run- ning Bales)	535,000	106	520,000	99	535,000	97	620,900	123	332,400	66
Total Construction Contracts.....	\$134,400,000	31	*\$131,300,000	*31	\$179,200,000	45	\$77,000,000	26	\$146,000,000	44
Electric Power Production (Kw. Hours Aver. Daily)	251,000,000	74	253,000,000	76	253,000,000	73	228,000,000	71	214,000,000	72
U. S. Automobile Production.....	**350,000	77	*378,983	*82	350,173	81	230,000	51	184,300	41
Commodity Carloadings (Average weekly)	204,000	60	180,000	60	225,000	71	166,000	49	145,500	43
Crude Oil Production (Barrels).....	76,880,000	97	72,510,000	97	72,850,000	95	82,870,000	105	68,520,000	86
Bituminous Coal Production (Tons) ..	28,317,000	78	24,582,000	71	34,790,000	82	23,330,000	65	18,400,000	51
Portland Cement Production (Capacity)	Not available		29.6%	41	23.0%	41	27.4%	34	30.2%	37
Boot and Shoe Production (Pairs) ..	Not available		**29,000,000	95	34,437,000	109	32,900,000	112	22,300,000	77
Index of PRODUCTION	64.2		*64.6		65.8		52.9		50.8	

INDEX OF GENERAL BUSINESS

.....61.7*61.961.457.353.9

**Estimated

*Revised

†Index revised to include 52 cities

The Pulse of Business

Continued from page 21

our agents a free hand in organizing your employees. You have been telling the workers that it is not necessary for them to join a union. This violates that freedom from 'interference, restraint, or coercion of employers of labor, or their agents—' which the law guarantees. You compound the offense by organizing company unions and pass these creations of management off on the poor workers as the genuine fourteen-carat article. Get out. You are poaching on our preserves."

When this speech was made to the auto makers, management drew itself up to its full height, adjusted its monocle, and turning to its attorneys asked: "Who are these crude persons?" It flatly refused to recognize the unions and let it be known it would shut the plants before submitting to the closed shop, to promotion by seniority, to the

ball and chain of labor domination.

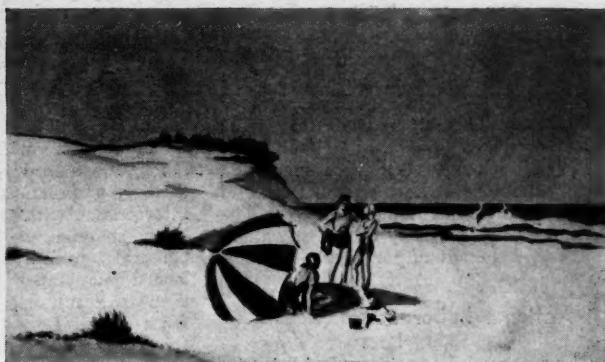
The union issue permits of no more compromise than virginity. A shop is either all union or all free. Partial unionization is merely a temporary stage toward either complete unionization or complete freedom. When on March 5 the President, with Senator Couzens at his elbow, denied the closed shop it was a severe temporary setback for labor. He pronounced in favor of the principle of proportional representation—i.e., the workers could have a council to which members would be elected in strict numerical proportion to the various employee organizations. The worker could belong to a company union, any other union, or no union at all, without affecting his status as an employee. The auto workers, aided by high officials of the A. F. of L. at the capital, realized that they could not defy

the President. They conceded that engagement to the employer.

Weirton Decision Mentions The Constitution

Then came a second blow to labor in the form of the Weirton decision, handed down by Federal District Judge John P. Nields on May 29. Back in 1905, J. R. Phillips with the aid of Ernest T. Weir organized the Phillips Sheet and Tin Plate Company with its main plant at Clarksburg, West Virginia. In 1918 the name was changed to the Weirton Steel Company, a subsidiary of the National Steel Corporation, at the head of whose board sits Ernest T. Weir. The National Steel Corporation, though ranking sixth in size among the steel companies, is probably the best managed unit in the field if we judge management by the record of earnings and freedom from labor difficulties.

Speaking of Section 7a, Mr. Weir said: "The only strike in the history of the Weirton Steel Company . . . occurred



Have a Good Vacation

IF you have been grinding away, month after month, you need a special tonic. It is the world-famous health builder, the blending of sunshine, fresh air, change of scene, rest and diversion—a vacation.

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What would you like to do in order to have a complete change? Motor, hike, or take a trip by rail or steamer? Will you go deep into the woods near a lake or a mountain? Or sun yourself on the beach at a summer resort? Active sports or quiet leisure, or both?

But while you are happily planning your vacation and thinking of the good times and the rest you will have, keep in mind that people are more likely to be hurt or to hurt themselves when in strange surroundings than when in familiar ones. Don't let your vacation be spoiled by a needless mishap. You can guard against most accidents.

Metropolitan Life Insurance Company has prepared a booklet "First Aid" which tells you what to do in event of accidents. Send for your copy, read it and take it away with you.



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Know how to resuscitate in cases of apparent drowning. Do not go in swimming when you are overheated, or within two hours after eating. Never go in bathing alone at any time, even if you are a strong swimmer. Do not dive unless you are sure of the depth.

In the Woods

Don't drink from wayside springs, streams or strange wells, unless the water is boiled, in order to avoid intestinal or other disorders. If you come in contact with poison ivy or poison sumac, wash exposed part in at least five rinsings of soap and water. In a serious case, see a doctor. Break a burned match before dropping it, to be sure that the flame is extinguished. Never leave a fire or embers burning.

Anywhere

In case of fire caused by gasoline or kerosene, smother flames with sand or dirt, or with blankets, coats or other heavy woolen articles. Never use water. Never throw away a lighted cigarette or cigar. Get a "First Aid" booklet and keep a First Aid kit at hand.

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The Metropolitan's free booklet, "First Aid" tells what to do and how to do it—at home as well as when you are away—in event of broken bones, burns, sprains, poisoning, apparent drowning, fire, wounds, electric shock, bites, sunburn, sunstroke and common accidents of various kinds.

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as a direct result of the deliberate misrepresentation of the meaning of this clause last September. It lasted three weeks and cost the company and the workers two million dollars. [See chart for cost of strikes in this country since 1916.] Actually there was no strike called or voted upon; but a handful of men led by a few racketeers succeeded by intimidation in keeping ten thousand American workmen from their jobs. The men, the great majority of whom wanted to work, were out of pocket about \$750,000."

National Labor Board Thrown for a Loss

The National Labor Board, which attempted to establish peace between the management and the minority of truculent workers who had gone on strike, had accepted the interpretation of section 7a which labor intended it should have; namely, that the employer should not be permitted in any way to influence the judgment of his workers or interfere with the efforts of the A. F. of L. to organize his plant.

Although the workers had adopted the employee-representation plan in June, 1933, the Board ordered another election to take place on December 11 under its own supervision. The rules which the National Labor Board formulated covering the election ignored the existence of the company union, an omission which was distinctly not a part of the agreement between the manage-

ment, the strikers, and the N.L.B. A new set of rules was provided after two-thirds of the employees had already voted. The new rules were ignored and 9,336 workers out of 11,443 chose 49 representatives in accordance with the company union plan. The National Labor Board, vociferously urged on by labor, considered this an affront to its dignity, a violation of the law, and an interference with the free flow of interstate commerce. From the Attorney General's office the National Labor Board summoned all the bright young men—still nursing the bruises received from a grand jury in Pittsburgh when they tried to give venerable Andrew Mellon "the bum's rush" for failure to pay taxes which under no circumstances he was required to pay—praying for an injunction to force the wicked Weirton Steel Company to obey the law.

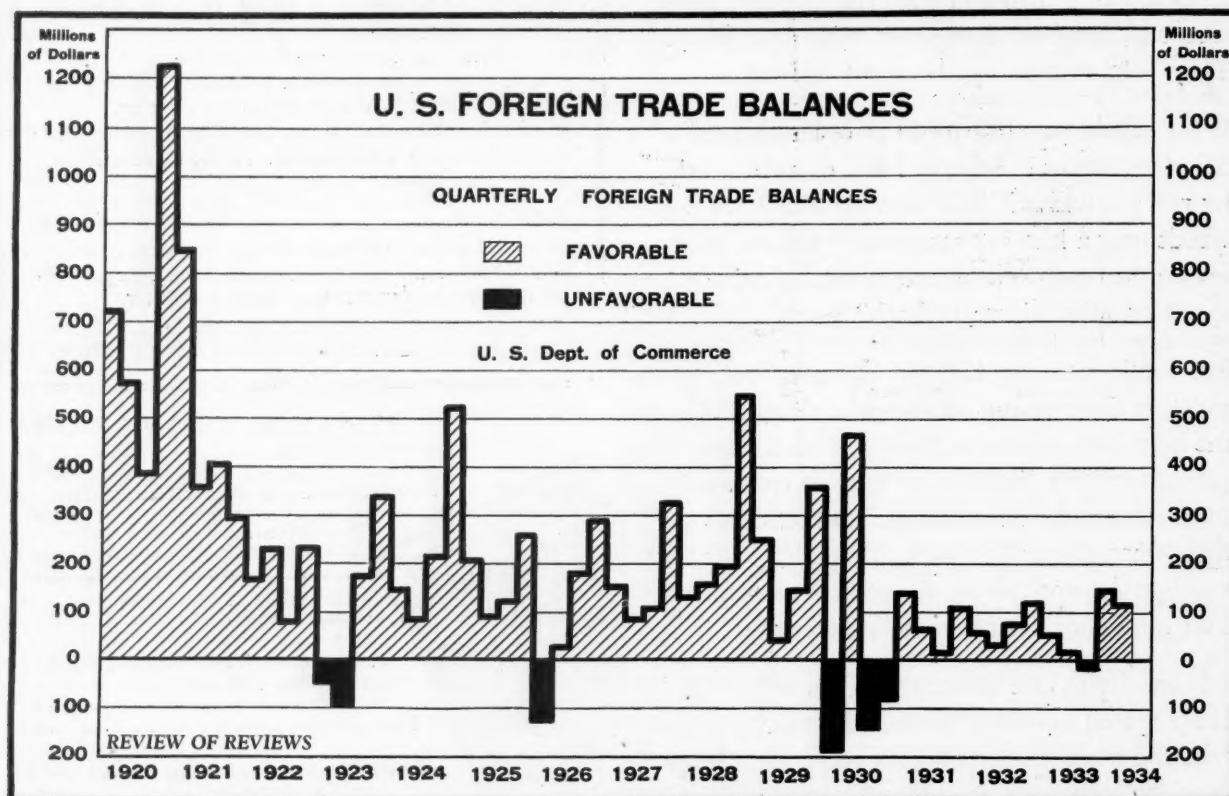
Federal District Judge John P. Nields, after studying hundreds of affidavits, many of which were retractions of other affidavits and in conflict with each other, said that the affiants would have to appear in open court so that he could tell which ones were lying and which were telling the truth. Furthermore, he remarked that the application of the codes involves "serious and intricate questions of law—particularly the question as to the constitutionality of the National Industrial Recovery Act." To present the evidence in open court and allow for appeal to the Supreme Court will require at least six months, with a

fair chance that section 7a and possibly other parts of the NIRA may be declared unconstitutional. This decision is the second setback for labor, more important even than the President's settlement of the auto issue.

The Salt of the Earth

The workers are determined to resort to the direct arbitrament of the strike. They are contemptuous of constitutional limitations. Even the Wagner Labor Disputes bill, which legalizes the closed shop, reverses the principle of proportional representation applied by the President in the auto settlement, and damns with further illegality, any encouragement which an employer might give to company unions fails to appease labor. The worker's importance has been exaggerated by the Administration. Congress has done its bidding without question. No one has dared to suggest that a labor organization with an annual income of 70 million dollars, more vitally "affected with the public interest" than the banks, the stock exchanges or the utilities, should be subject to some government restraint and render some public accounting for its vast funds.

Organized labor is one of the two pampered darlings of the New Deal. (The farmer, of course, is the other.) Its imperious demands and easy resort to violence constitute at present the greatest threat to recovery. It is the ominous storm cloud now darkening the business heavens.



THIS CHART shows how consistently during the post war period America has "sold" the world more goods than it has bought. Year after year it agreed to accept from foreign buyers "deferred payment" in goods and services accepting as evidence IOU's in the form of stocks, bonds and war-time obligations. George N. Peek in a comprehensive study of Uncle Sam's trade with the rest of the world covering the last 38 years shows that the "buyers" of American goods are about 22 billions in arrears. The heavy defaults in private obligations and the virtual repudiation of the war debts means that American investors and taxpayers have been subsidizing European consumption of American goods.

The March of Events

Continued from page 53

which falls far short of the strikers' demands.

A LONGSHOREMEN's strike in San Francisco reaches the riot stage (May 28), with police resorting to tear-gas bombs and drawn pistols.

TOLEDO labor difficulties are smoothed out by an agreement with strikers at the Electric Auto-Lite Company (June 3) and with union electrical workers of the power and light company. The Auto-Lite strikers accept a 5 per cent wage increase; the power and light workers gain restoration of a 20 per cent cut.

A NATION-WIDE strike called for June 4 by the president of the United Textile Workers is countermanded (June 2) as a result of efforts of Administrator Johnson. Ostensibly directed against a 25 per cent shutdown ordered by NRA because of a surplus of finished goods, Johnson declares that the threatened strike was really to secure increase in hourly pay.

A STEEL strike on June 16 is declared to be unavoidable as the executives reject (June 6) labor leaders' demands which, they say, do not relate to grievances but solely to a closed shop.

STEEL labor leaders reject (June 8) a proposal emanating from employers that an impartial commission of three should adjust grievances.

A New Deal for Silver

Silver inflationists and an unwilling President effect a compromise. It marries gold and silver, for a new monetary standard.

A SILVER bill is laid before Congress by the President (May 22) representing the extent of his yielding to the demands of silver inflationists. It lays down an "ultimate objective" of a monetary base of 25 per cent silver and 75 per cent gold. A second recommendation looks to international agreement for coordinated use of silver and gold as a monetary standard.

THE HOUSE, voting 263 to 77, approves the Administration's compromise silver bill (May 31). Fourteen Republicans vote for the bill, and 6 Democrats vote against it.

THE SENATE, voting 54 to 25, adopts the Silver bill without important change from the House measure. Six Democrats vote against the bill, while 7 Republicans vote for it.

Stock Exchange Control

Congress passes a law; the President signs it; and all stock and commodity exchanges come under the control of a new federal commission.

SMALLEST volume of sales in ten years is the record of the New York Stock Exchange (May 21), 382,470 shares. For

Burning the Candle at Both Ends

REDUCED REVENUES

INCREASED EXPENSES

PUBLIC UTILITIES

Rate reductions reduce revenues. Expenses are increasing due to NRA, higher taxes, and the cost of government investigations. Continuation of this trend will make it difficult to earn even operating expenses and taxes.

There would have been \$12,496,000 more for investors in 1933 if the Associated Gas & Electric System had received 1928 electric rates, paid taxes at the 1926 rate, and employees had not been insured.

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the second successive day the Toronto exchanges, largely low-priced mining stocks, exceed the business done on New York's two exchanges combined.

CONFEREES from Senate and House reach agreement (May 28) on provisions of the stock-exchange control bill. The Senate provision for a new Securities and Exchange Commission is accepted, but the House wins out in its demand for a 45 per cent margin requirement—which the Federal Reserve Board may alter in its discretion.

BOTH branches of Congress (June 1) approve the conference report on the Fletcher-Rayburn bill for regulation of stock exchanges, with its "rider" modifying the Securities Act of 1933.

THE Securities and Exchange Act of 1934, as it will be known hereafter, is signed by the President (June 6).

Disarmament on the Rocks

After two years and more the world disarmament conference gets into a difficult position.

PRESIDENT ROOSEVELT accepts (May 25) Britain's invitation to discussions preliminary to the naval conference of 1935. Japan, France, and Italy also have been invited.

THE Disarmament conference reassembles at Geneva (May 29) after six months of inactivity marked by unsuccessful bilateral conferences among leaders. On the first day Norman Davis (U. S.) pleads for decisions that will bring Germany back to the conference, and Russia proposes to turn the conference into a permanent anti-war body. On the second day Sir John Simon (Britain) and Louis Barthou (France) clash over French policy which refuses German demands.

ARTHUR HENDERSON, British president of the Disarmament Conference issues a statement (June 1) saying that "the present position of the conference" is "more extremely grave than at any time since we opened in February, 1932."

A PLAN to save the Disarmament Conference, largely by adjournment, is agreed upon at Geneva (June 7). Germany is somehow to be persuaded to come back into the conference.

ADJOURNMENT sine die is voted by the Disarmament Conference (June 11).

Chaco

War on a large scale, but no war declared. The world moves to stop the sale of arms.

THE biggest battle in the struggle over the disputed Chaco area is begun by Paraguay (May 15) to capture Fort Ballivian, Bolivia's headquarters.

BOLIVIA reports a strategic counter-attack (May 23) upon Paraguayans attempting to capture Fort Ballivian. It is later claimed that 4,000 Paraguayans

have been slain, 6,000 wounded, and 2,000 made prisoners; Paraguay states that the losses are far less than what Bolivia claims.

THE SENATE at Washington, following similar action in the House on the day before, gives power to the President (May 24) to make it unlawful to sell arms and ammunition to Bolivia and Paraguay.

THE LEAGUE of Nations announces (May 24) that eight nations—Argentina, Peru, Chile, Panama, Guatemala, Mexico, Canada, and Belgium—have already accepted in principle an arms embargo against Bolivia and Paraguay. Denmark and Sweden assent on that same day.

THE PRESIDENT signs (May 28) the joint resolution of Congress authorizing him to prohibit sale of arms to Bolivia and Paraguay, and issues a proclamation putting the ban into effect.

JAPAN decides not to participate in the arms embargo (June 8); for the movement is sponsored by the League from which Japan has withdrawn. It is suggested elsewhere that Japan naturally is opposed, since a similar embargo was a recent possibility in her own conflict with China. Ten countries, including France and Italy, had accepted the embargo plan contingent upon adherence by Japan.

Congress at Work

Look also in chapters called "A New Deal for Silver", "Bank Notes", and "Cuba's New Freedom".

THE CONFERENCE report upon the Air-mail bill is approved by the House (May 29). It fixes rates, payment per mile to carriers, prohibits interlocking directorates and the ownership of carriers' stock by holding companies and airplane manufacturers. It is signed on June 12.

A FEDERAL Communications Commission, with control over telephone, telegraph, and radio is provided in an Administration measure accepted by the Senate (May 15) and by the House (June 2).

AN EMERGENCY fund for the President, that might aggregate 6 billion dollars, is created in a deficiency appropriation bill passed by the House 309 to 46 (June 4). Direct appropriations amount to \$1,178,000,000, but in addition the President is authorized to use RFC cash and credit and unexpended PWA funds.

THE TARIFF bill, giving broad power to the President to change rates in making trade agreements with other nations, is passed by the Senate (June 4). Two days later the House accepts the Senate's amendments.

A MESSAGE to Congress from the President (June 8), looking forward to next year's session, dwells upon "three great objectives"—the security of the home, the security of livelihood, and the security of social insurance.

THE PRESIDENT signs the Tariff bill (June 12) which gives the Executive power to make changes in rates to facilitate negotiation of trade agreements.

Cuba's New Freedom

The famous Platt Amendment is abolished after thirty years.

CUBA and the United States sign a treaty at Washington (May 29) abrogating the Platt Amendment under which the United States in 1903 retained the right to intervene in Cuba's foreign and financial affairs.

THE SENATE ratifies the treaty with Cuba (May 31) with little discussion and without a dissenting vote.

CUBA's allotment of sugar imports into the United States, as fixed by the Department of Agriculture under new legislation (May 31), is 1,902,000 short tons. The Philippines are permitted to send 1,015,000 tons, Hawaii 917,000, Puerto Rico 803,000, and the Virgin Islands 5,000. Total imports 4,642,000; domestic allotment 1,817,000 tons.

Bank Notes

News of a month shows progress toward normal banking. It also shows continuing activity of the Government.

GOVERNOR LEHMAN signs (May 20) a bill passed by the New York Legislature permitting a bank to have branches within its own district. The state is divided into nine districts.

LOSSES in closed banks ultimately will be 2½ billion dollars, according to Jesse Jones, Chairman of the Reconstruction Finance Corporation (May 21). About 65 per cent of past or present frozen deposits will have been freed, leaving a loss of about 35 cents on the dollar.

A REPORT of the Reconstruction Finance Corporation (May 21) tells of loans to closed banks and mortgage companies for liquidation purposes, aggregating 788 million dollars between February 2, 1932, and May 18, 1934.

A BILL authorizing R.F.C. five-year loans direct to small industries upon adequate security is passed by the House (May 23). Three hundred millions are earmarked for the new service. Federal Reserve banks are also authorized to lend to small industries to the extent of their surplus, estimated at 140 millions.

GUARANTEE of bank deposits is made retroactive by vote of the House (May 24), 175 to 0. A Senate bill extending the temporary plan of deposit insurance, and postponing the permanent plan, is so altered as to provide full payment to depositors in banks closed in 1930 and subsequent years. Perhaps a billion dollars is involved.

A REPORT by the Controller of the Currency (May 27) shows 5375 national banks as of May 1 with deposits of 18.9 billion dollars; 185 others, mostly approaching approved reorganization, with 161 millions; and 1529 in the hands of receivers with deposits of 987 millions.

Bulgaria Goes Fascist

At least the new deal has fascist policies, though it may be merely militarist. (See page 44.)

BULGARIA changes its government (May 19) via an army coup that wins the belated approval of King Boris. Former Premier Alexander Tsankoff leads the movement, though Kimon Gueorguieff heads the new authoritarian government which replaces the Nicolas Muschaff ministry.

PREMIER Kimon Gueorguieff lets it be known (May 21) that the legislative body will be reduced to 100 members instead of 274; three-fourths will be appointive, thus assuring government control.

Obituary

Cass Gilbert, 74. Distinguished American architect; designer of the Woolworth Building in New York, the new Supreme Court building in Washington, and other notable structures. May 17.

William Jackson Adams, 74. Justice of the North Carolina Supreme Court. May 20.

Joseph M. Dixon, 66. Successively Representative in Congress, U. S. Senator, and Governor of Montana. May 22.

David Wesson, 73. Pioneer in the processing of cottonseed oil and meal for cooking and eating. May 22.

Edward M. Hewlett, 68. Distinguished electrical engineer. May 24.

Brand Whitlock, 65. Novelist, Mayor of Toledo, and war-time Minister to Belgium. May 24.

William Bauchop Wilson, 72. First Secretary of Labor, in the cabinet of President Wilson. May 25.

Charles Frederick Hughes, 67. Admiral, U. S. N.; formerly commander of the Battle Fleet and Chief of Naval Operations. May 28.

George Franklin Brumm, 56. Representative in Congress from Pennsylvania since 1923. May 29.

Heihachiro Togo, 82. Japan's naval hero of the war with Russia, victor of the Battle of Tsushima. May 30.

Julian H. C. Chandler, President of William and Mary College. May 31.

James Parker, 80. Major General, U. S. A., retired. June 2.

James Rolph, 64. Mayor of San Francisco for twenty years; Governor of California since 1931. June 2.

Rev. Charles L. O'Donnell, 49. President of the University of Notre Dame since 1928. June 4.

Fred Crayton Ainsworth, 82. Major General, U. S. A., retired; first Adjutant General of the Army. June 5.

C. Francis Jenkins, 66. Inventor in the field of motion pictures and television. June 6.

William R. Shepherd, 62. Distinguished professor of history at Columbia University. June 7.

James Kelley, 66. Famous Chicago newspaper editor and publisher. June 7.

Carl E. Grunsky, 79. Distinguished California Civil Engineer. June 9.

Tomorrow's Stock Prices

● **ARE YOU** wondering how the Banking Act of 1933, the Federal Securities Act, and the Fletcher-Rayburn Bill will affect your securities? Despite the depression, the United States (with the possible exception of England) has a larger volume of capital seeking profitable outlet than any other country in the world. With its present resources and productive capacity, these funds should continue to grow. But investments must be wisely selected. The various industrial codes affect tomorrow's stock prices, some favorably, some adversely. Will Roosevelt's housing program benefit one of your holdings? Has the drought destroyed the market of another?

● **FEW ARE** qualified by experience and observation to rely on their own judgment. Few have the facts, figures, knowledge of conditions, acquaintance with corporation officials; the necessary information on more than one company, if that. Yet there are men in the world's financial districts who have made a profession of gathering this knowledge. To such a man, an investment counsellor of unquestioned integrity, the "Review of Reviews" turned when besieged with requests from readers for investment information. So numerous have these requests become that it is felt that a genuine public service may be done by calling attention more widely to this source of unbiased investment advice.

Impartial Investment Counsel

Please remember that the "Review of Reviews" is not in the business of selling investment advice but is sincerely interested in serving its readers in the fullest measure.

The investment counsellor we have retained was for ten years the financial editor of a leading national magazine. He spent five years with a New York investment house. His time and knowledge are now at the service of our readers. A nominal charge is necessary. We trust you will take advantage of this service as have so many of our readers.

Here are typical inquiries recently received from subscribers:

"What is the advisability of holding North American Trust Shares, 1965? What is your opinion of Group Securities, Inc., same ownership, and in what industries would you recommend investment? I am told that I pay more for the stocks through the Group than what the securities are selling for?"

"I own Lincoln Park School Dist. bonds (Wayne Co., Michigan) due 1938, and Swannanoa Water & Sewer Dist. bonds (Buncombe Co., North Carolina) due 1936. Both are in default. Will the new municipal bankruptcy law, so-called, enable me to realize more than 20 to 25 cents on the dollar from these bonds?"

"I own a C. & N. W. Ry. 4 3/4% 1987 bond and a Penn. R. R. 4 1/2% 1970 bond. Are these safe long-term investments, without danger to principal, and likely to continue to pay interest?"

"I hold 1500 shares International Nickel (cost \$30), 284 shares Electric Bond & Share (equal to 852 shares old stock which cost \$77 per share), and 200 shares Westinghouse Electric

(cost \$30.50). I am considering selling all my Nickel and purchasing 1000 Baldwin Locomotive or 1000 International Tel. & Tel. and 1000 shares American Radiator. Public utilities have a poor outlook at present and Westinghouse depends largely on their purchases. Would you advise unloading Westinghouse and Electric Bond & Share?"

"Do you advise holding on to 400 shares of Cities Service (average cost 3 3/4) and 1100 shares of Arkansas Natural Gas A (average cost 5 1/8). I do not need the money and would hold the stocks for 5 to 10 years if I thought it worth while, but will these companies go broke if I hold same too long?"

"I have a block of General Motors, bought at 34 and wish to sell part of it. Do you think the decline in the market since April 19 is due to discounting of the effects of the stock exchange law that is being passed at Washington, and that the market will now improve? Would you advise waiting for a better price for General Motors?"

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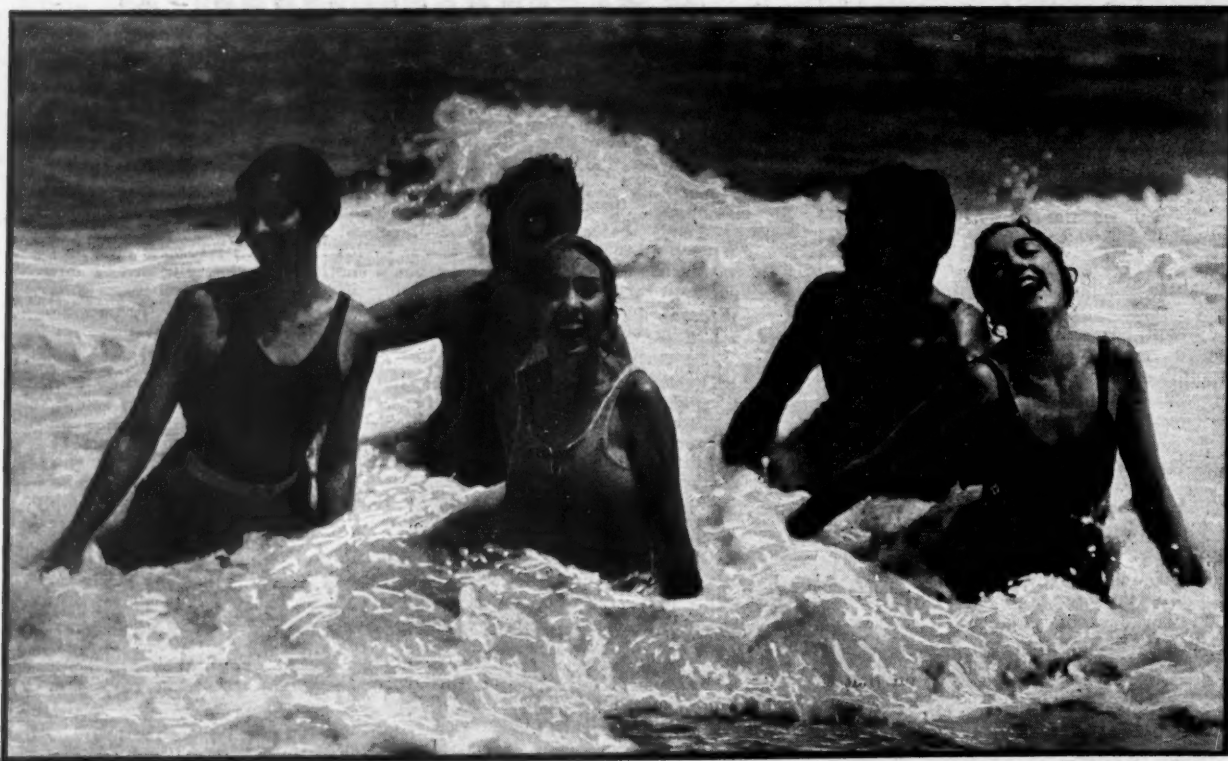
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H. Armstrong Roberts

Vacations for Lazybones, Editors Included

A travel editor refuses to systematize his New England vacation, believing that in summer physical exercise is best taken in an easy chair—a few footnotes on New England—its beaches, highboys, lowboys, ladderbacks and lobsters.

THE TRAVEL department of the REVIEW OF REVIEWS has been considering sponsoring a National Lazy Bones Week, to be celebrated during each week from June 1st to September 1st. Although the idea is still in the formative stage, and we will probably never get up enough energy to write our Congressman, it nevertheless has possibilities which should appeal to all our brethren who appreciate the supine delights of lying under a tree or snoozing in a hammock.

There are people who like a lot of exercise, say 36 holes of golf in a day, a two-mile swim, or half a dozen sets of tennis under a blistering sun. Such has no appeal for us. We do like some exertion. We cannot agree completely that exercise can best be taken sitting down, or with George Jean Nathan who remarked that walking up and down stairs several times a day was enough exercise for any gentleman. Our ideas lie somewhere in between. As any politician will tell you when you try to pin him down to something, there is much to be said on both sides.

But at this time of year violent exercise is, to us, unthinkable. There is nothing now more attractive than complete rest. During the two weeks of our vacation the problems of the world will have to settle themselves. If you are worried over the high-jinks of the stock market or the altogetheriness of everything, there is nothing like two weeks on the seashore or in the mountains to put these mundane worries back where they belong.

The writer of these notes is now mulling over the various possibilities for summer. We have traveled some in New England, but not a great deal, and the probability is that we shall go there. Business compels us to stop off in Boston. While among the Lowells and Cabots, beans, and cod we will not revisit the historic buildings. What we intend to do is to browse around in the old bookshops down around Washington and School streets, well realizing that this may not be some persons' idea of the ultimate in earthly delights.

We intend to spend half our vacation along the seashore and half of it in the

hills, thus reviving life in the old body after a hard winter. We do not intend to spend all our time lying on the beach or under a tree and there are interests besides book collecting that we intend to pursue. Other people can enjoy their old doorways, but we are primarily concerned with colonial furniture and objects of household use in the early days.

For a long time we have had a strictly amateur interest in old hardware, particularly that turned out by the blacksmiths and itinerant artisans. There were many of those village smithies who, while ringing their anvils under the spreading chestnut trees, were true artisans. Hinges, grills, latches, handles, brackets—these have always attracted us although we do not know a great deal about them.

As for colonial furniture, we intend to run some of that down, too, while we're vacationing. Not that we shall be able to buy any, but we like to look at it and touch old surfaces worn smooth by countless hands. We have never had much patience with those persons who maintain that when the country would

no longer be pioneering, that its arts and crafts would be far better.

But as we say, most of the time will be spent along the shore. There will be plenty of sport; handball, badminton, swimming, tennis, baseball, rowing, riding, volley ball and mountain climbing. We will enjoy them all—from an easy chair on the hotel verandah.

The probabilities are that, since our last vacation was spent in New Hampshire, this summer will be spent in Maine. One reason may be that the state abounds with towns and villages of unusual names. These appeal to us: Ogunquit, Kennebunkport, Cape Porpoise, Wiscasset, Popham Beach, Pemaquid, Christmas Cove, Seal Harbor, Passamaquoddy Bay. Not that we shall see all of them. We won't. The probabilities are that York Beach will see us in August and we will go inland later. Our present program includes little more than progressive relaxation on the beach. Our golf game has been a bit off of late due to pressure of editorial work and we also intend to bring it up to standard (such as it is) at one of the courses near York.

Another matter which will be taken up is lobster eating. Being originally from the middle west, all sea food is more or less attractive to us, even in New York City. We understand that a fine lobster, yanked from the cold green sea bottoms and broiled over a beach fire leaves little to be desired here on earth if—the lobster likes you. The lobster man pulls Mr. Lobster out of the deep and within a hour or less plops him into the boiling pot. Not long after, out he comes again, sweet, tender and fresh. The same lobster man often serves as chef at beach parties. The writer respectfully suggests that any swimming or violent exercise be not undertaken too soon thereafter.

Thus it will be easily seen from the foregoing notes that our vacation is still

more or less up and in the air—no system, no schedule, no carefully laid out program. We intend to hunt curios and antique furniture, sit in the shade, maybe ride a bit—eat lobster or whatever else seems pleasant and effortless at the moment. Fifty weeks out of fifty-two, this writer's life is made up of publishing schedules, deadlines to be met, articles to be written, books to be read and reviewed. We are determined that our vacation shall have none of this. We shall do as we like, be lazy, slipshod and sloppy. If our betters don't like it, we don't give a hoot. We are determined to have a rest in New England, and the man who tries to tell us we aren't going to get it had better keep his guard up.

—J. C.

101 Years

• • THE Century of Progress or World's Fair has already attracted the cash customers. Last year it surprised everybody by coming through in good shape when all the wiseacres had forecast a flop. This year there are more exhibitions and less speechmaking, which should please everybody. Three hundred policemen in red coats, striped trousers and helmets are on the job and, unlike the usual officers of the law in American cities, can actually tell pedestrians where to go. The various exhibitors are on hand this year with enlarged displays, and Henry Ford has opened a new building. From anywhere in the country a trip to Chicago by rail, water or air can be made a pleasant and enjoyable vacation. President Roosevelt started things off on the opening day with a sound film and the press of a key to light all the lights. The first two days box office receipts showed that more people came this year than last. Officials are optimistic and nobody says they nay.

Painting the Way to Recovery

(Continued from page 29)

around the courts themselves, are cooler when a light color is used on the walls to reflect instead of absorb the heat.

It was paint, in part, that used to make an automobile cost much more than it does today. It took from two to three weeks to paint a car, and the time, space, and inventory value resulting from this long finishing time added many dollars to the price. The auto manufacturers went to the paint makers for assistance and the time element was shortened to three hours, from three weeks, by quick-finishing lacquers and enamels.

When the Civic Works Administration was formed last November, the primary motive was relief; and the primary evidence of relief was to be money in the pocket of the laboring man. Hammer, pick, and shovel were the main tools; concrete and paint were the main materials. Paint was needed everywhere, and paint projects became a huge part of

the success of the C.W.A. experiment. From the manufacturers' end it was a godsend, although the usual bickering about price and preference led to some dissatisfaction. The Master Painters' Association appreciated the opportunity and worked hand in hand with the Administration.

In addition to its large fields, and the painting projects that run into "big building money", paint has its homely virtues. Infrequent are the homeowner and housewife who do not at some time or other putter around with paint. Perhaps it may be nothing but a slight bit—a chair, a chiffonier, a bridge table, a work bench. Or it may reach to hobby level, and the enthusiast buys most of his furniture unpainted and finishes it to his heart's content. That exploiting these human foibles is a large matter in paint is easily proved by the great volume that goes into cans containing less than a quart of paint.



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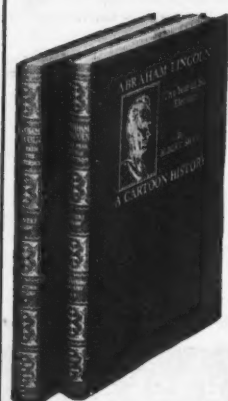
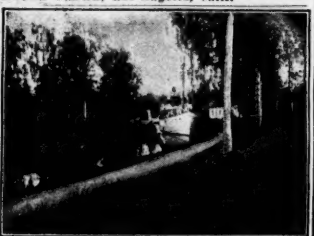
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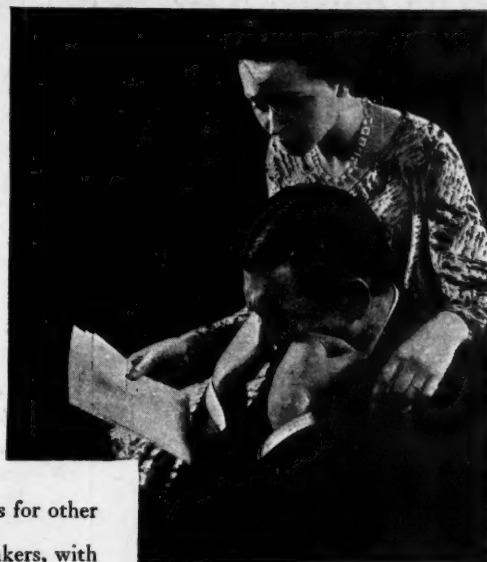
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